

FBIS

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NAKASONE PLEDGES TO WORK FOR RETURN OF ISLANDS

OW041049 Tokyo KYODO in English 1032 GMT 4 Dec 85

[Text] Tokyo, Dec. 4 KYODO -- Prime Minister Yasuhiro Nakasone, during the taping of a television interview Wednesday, said that the next meeting between the Soviet and U.S. leaders would likely take place next June in Washington.

Nakasone also said that following the successful meeting between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan in Geneva November 19-20, the time to discuss the reunification of North and South Korea, as well as the northern islands issue between Japan and the Soviet Union will arrive.

Making an early New Year's prediction, the prime minister forecast that 1986 will be the year of the first major step toward realizing peace and disarmament. He also pledged to work on solving the territorial issue with the Soviet Union and to promote peace. The return of Kunashiri, Etorofu, Habomai and Shikotan islands in the southern Kurils, former Japan's territories seized by the Soviet Union at the close of the Pacific war, has been a major hurdle between the two nations which have yet to conclude a postwar peace treaty.

Soviet Foreign Minister Eduard Shevardnadze is scheduled to visit Tokyo in January and Nakasone has said that he may visit Moscow in the near future if it appears appropriate.

U.S. SHOW SIGNS OF COMPROMISE IN FARM TALKS

OW050427 Tokyo KYODO in English 0401 GMT 5 Dec 85

[Text] Washington, Dec. 4 KYODO -- Japanese and U.S. working-level officials ended a day of preliminary talks on bilateral farm produce trade here Wednesday amid the first U.S. indications of accepting compromise solutions.

The U.S. side again asked Japan to completely liberalize imports of 13 products of U.S. concern, including tomato juice and dairy products, a Japanese official said. "But they (the Americans) have not ruled out the possibility of working out realistic solutions acceptable to both sides," said Jiro Shiwa, head of the International Affairs Department of the Agriculture, Forestry and Fisheries Ministry.

The talks were the first round of preparatory consultations for formal talks slated to begin next April 1 ahead of the expiration April 22 of bilateral quota agreements. They do not involve beef and oranges, on which the two countries have separate quota agreements.

MORE ON CONCLUSION OF N-S RED CROSS TALKS

Delegates Speak at Banquet

SK050506 Pyongyang KCNA in English 0445 GMT 5 Dec 85

[Text] Seoul December 4 (KCNA correspondent) -- Yi Yong-tok, senior delegate of the Red Cross of the South side, hosted a dinner on the evening of December 4 in honor of the delegation of the Red Cross Society of our side staying in Seoul after attending the 10th round of the North-South Red Cross talks. Invited there were Yi Chong-yul, head of the delegation of the Red Cross Society, delegates, advisory members, suite members and reporters of our side. The members of the South Korean Red Cross delegation and figures of various circles were present there on the South side.

Yi Chong-yul said in his speech that the most fatal obstacle to the work of realizing the earnest desire of the families and relatives living separated in the North and the South by putting them all on the road of free travel is the deep-rooted misunderstanding and distrust existing between the two sides. The North-South Red Cross talks, he noted, made a good start and its goal of solution is clear. But, a number of unsavoury things have occurred in the course of the talks. The cause of this is the lack of an atmosphere in which the two sides can trust each other without a gap between their hearts.

Noting that the misunderstanding and mistrust, after all, result from the evermore acute tensions between the North and the South, he stressed: We should put an early end to the abnormal situation of the cyclic processes in our country in which misunderstanding and distrust are fostered by tensions, and tensions grow more acute owing to the fostered misunderstanding and distrust. He called for making joint efforts for realizing the free travel of the separated families and relatives at the earliest date by creating a favourable condition and atmosphere for the dialogue through the relaxation of tensions and promotion of trust between the North and the South.

In his speech Yi Yong-tok of the South side said he was happy to note that the two sides sat around one table after the 10th round of the North-South Red Cross talks. He expressed the hope that a good success would be registered in the future talks thanks to the sincere efforts of the two sides. Earlier, the delegation of our side and its party visited the subway in Seoul.

Pak Yong-su Reviews Issues

SK041218 Pyongyang Domestic Service in Korean 0805 GMT 4 Dec 85

[Excerpts] The 10th round of the North-South Red Cross talks has come to an end. At the end of the meeting, spokesman of our side Pak Yong-su held a press conference. According to our spokesman, our side indicated again the shortcomings of the three proposals that the South side again came up with at the first-day session. Our side indicated that the basic shortcomings of the South side's proposals are a retreat from the spirit of the agreement that the two sides have already reached and that the South side is actually opposing the realization of free mutual visits and trying to evade responsibility as Red Cross officials by limiting the issue of free mutual visits, which is a central and comprehensive way to realize the five agenda items, to [words indistinct] of the agenda items.

Saying that such a position and attitude of the South side constitute a disregard for the desires of separate family members and relatives as well as the nation, our side demanded that our side's draft of the letter of agreement, which is complete in content and most fair and aboveboard, be continuously discussed.

According to the spokesman, despite the fact that our side made all possible efforts to achieve progress at the talks, the South side failed to show sincerity in discussing the basic issue of realize free mutual visits and, consequently, created an obstacle to the talks.

The South side not only wasted time through a tedious explanation designed to justify its proposals, but also came up with a proposal for conducting the second exchange of home-visiting groups on the occasion of the upcoming lunar new year's day, which has nothing to do with the basic issue, and an exchange of letters between members of the home-visiting groups who were reunited last September in a bid to evade discussion of the issue of realizing free mutual visits, to divert the people's attention elsewhere, and to seek the momentary effectiveness of public opinion.

Stressing that the issues of conducting the second exchange of home-visiting groups and exchange of letters are those items involved in the five agenda items, our side indicated that if the issue of realizing free mutual visits, which is a basic way for comprehensively realizing the five agenda items, is resolved, all issues of alleviating the suffering of separated family members can be easily resolved. Then, our side said that there should be a central point in the discussion at the talks and demanded that the South side not create confusion with regard to the discussion of issues by coming up with issues which are not essential and that it pay attention to the discussion of the issue of realizing free mutual visits, which is the central and key way to realize the five agenda items that the two sides have already agreed upon.

Our side stressed that the only way for broadly alleviating the suffering of separated family members and relatives is to realize free mutual visits and that if this issue is resolved, all issues, including the issue of conducting the second exchange of home-visiting groups, can be automatically resolved.

Our side indicated that while almost completely disregarding the need to discuss the basic issue, the South side's trying to emphasize such side issues as home-visiting groups and exchange of letters cannot be understood.

Concluding the talks, our side demanded that the South side not seek a momentary effectiveness but have the correct stand toward the talks and that it come to the next round of the talks after deeply studying our proposals. The two sides agreed that the 11th round of the North-South Red Cross talks will be held in Pyongyang on 26 February 1986.

Delegation Departs Seoul

SK050148 Pyongyang Domestic Service in Korean 0030 GMT 5 Dec 85

[Text] The delegation of the DPRK Red Cross Society, which attended the 10th round of the North-South Red Cross talks, departed Seoul this morning for Pyongyang.

Keenly aware of the responsibility assigned it by the entire nation, our side's Red Cross delegation made all possible sincere efforts to alleviate the pains of separated compatriots and to lay a foundation for national reunification during its stay in Seoul.

Yi Yong-tok, senior delegate of the South Side's Red Cross, and other personages concerned visited the lodging quarters and departed for Panmunjom together with our delegation.

Yi Chong-yul, head of our side's Red Cross, issued a statement in Seoul in connection with the departure of the delegation. In the statement, he expressed deep thanks to the citizens of Seoul and compatriots and brothers in the South who greeted our delegation with compatriotic feeling and extended warm hospitality. He pointed out that our delegation's visit to Seoul was made at a time when the aspiration of the people in the North and the South for reunification is being unprecedentedly enhanced, prompted by the mutual visits of the Red Cross art troupes and home-visiting groups, which were made for the first time in the 40-year history of the nation's division. Thus our visit aroused their great expectations and special interest. The peoples of the world also unanimously watched our visit to Seoul. He noted that in order to fulfill the humanitarian missions assigned by the nation and the people and the national duties, our delegation consistently showed sincerity, patience, and magnanimity so that the great expectations of the people at home and abroad could be met, even to a small extent. Thus, the group made all possible efforts. He said that we were unable, however, to make due progress in the 10th round of talks, or to have any opportunity to meet Seoul citizens from all walks of life to exchange dialogue with frankness and open-mindedness. He pointed out that this cannot but be a matter for regret. Despite this, we are not disappointed.

Saying that we will not buckle under to the obstacles laid on our road of advance, nor step back from them, he stressed that the two sides should never repeat the scandalous precedents of the past. He also stressed that the two sides -- the North and South -- should hold humanitarian talks and solve all problems in good faith, and not with distrust, for the great national cause. Saying that the situation at home and abroad is developing in favor of bringing the tragedy of national division, which was forced upon our people by outside forces, to an end on the basis of our people's own independent strength and of achieving national reunification, he stressed that the delegation of our Red Cross Society will, as ever, make further contributions to alleviating the sufferings of the people, caused by the division, and to hastening an independent and peaceful reunification of the fatherland by leading the North-South Red Cross talks to success at an early date through all sincere efforts.

Passes Through Panmunjom

SK050430 Pyongyang Domestic Service in Korean 0218 GMT 5 Dec 85

[Text] Our side's Red Cross delegation that attended the 10th round of the North-South Red Cross talks reached our side's area at 1100 today, crossing Panmunjom. Pak Chae-no, adviser and deputy chairman of the Central Standing Committee of the General Association of Korean Residents in Japan, also reached our side's area at Panmunjom. Yi Yong-tok, senior delegate of the South Side's Red Cross, and personages concerned came to Panmunjom to see off our delegation.

NODONG SINMUN Commentary

SK040640 Pyongyang KCNA in English 0558 GMT 4 Dec 85

[Text] Pyongyang December 4 (KCNA) -- Papers here today hit hard at the South Korean puppets for perpetrating strange acts getting on our nerve after inviting our Red Cross society delegation as their guest.

From the very day of the arrival of our side's delegation in Seoul, they videocast the TV serial drama "The Demon" in a spate of vapourings that they want to "call the soul out of" us.

Ridiculing this, a signed commentary of NODONG SINMUN says: This ugly act of the South Korean puppets is a telltale sign that their stance is not for restoring trust and solving problems through dialogue. It is an open perfidy to dialogue and an unpardonable treachery spoiling its climate to irritate our nerves and even decry our system while having dialogue with us.

The South Korean side had never been weary of talking about "the sufferings of the separated families" and "humanitarianism", but the disgusting acts of the South Korean puppets now prove that all their acts are hypocrisy. A few days before the tenth round of the North-South Red Cross talks, the puppets staged an aerial firing exercise and "a prize-awarding ceremony," whipping up war hysterics, and are agitating confrontation at this very moment when the talks are in progress. This tells us that they do not want to improve relations with us through the dialogue but seek only confrontation and war with us.

If the South Korean rulers really have the intention to improve relations with us through dialogue, they must choose to promote national reconciliation and unity and must promptly give up the demoniac play on the TV screen.

USSR, GORBACHEV SUMMIT PROPOSALS SUPPORTED

SK011057 Pyongyang KCNA in English 1050 GMT 1 Dec 85

[Text] Pyongyang December 1 (KCNA) -- The Korean people highly estimate the peace-loving stand of the Soviet Union which Comrade Mikhail Gorbachev has constantly maintained in the recent Soviet-U.S. summit and support the proposals put forward by him. PYONGYANG SINMUN today says this, commenting on the results of the Soviet-U.S. summit. Noting that the recent Soviet-U.S. summit has arranged thanks to the consistent and sincere efforts of the Soviet Union to preserve and consolidate world peace and security, the paper stresses: The Soviet-U.S. summit held this time was talks which brought to light before the world the two diametrically opposite stands and views. The summit clearly showed who wants world peace and security and who follows the road of aggression and war.

At the talks the Soviet Union put forward problems of practical disarmament including the problem of drastically reducing the nuclear weapons and preventing the space arms race against war and for world peace and security and made positive efforts for their realisation. The Soviet Union brought forward as a basis the proposal on mutually reducing nuclear weapons of the Soviet Union and the United States on condition that the space militarisation is not allowed on all accounts. This stand of the Soviet Union was an expression of its firm stand for smashing the reckless moves of the imperialists to impose the holocaust of nuclear war upon mankind and defending world peace.

No practical agreement was reached at the Soviet-U.S. summit. This was entirely because the U.S. side persisted in its belligerent and criminal "star wars" program to expand the arms race even to space.

MINJU CHOSON Commentary

SK300554 Pyongyang KCNA in English 0536 GMT 30 Nov 85

[Text] Pyongyang November 30 (KCNA) -- The proposals including one on banning nuclear and space weapons advanced by the Soviet side and its stand at the talks are a reflection of the peaceloving foreign policy of the Soviet Union and accord with the desires and aspiration of the peaceloving peoples of many countries of the world. We support the proposals of the Soviet Union and her stand at the Geneva summit talks.

MINJU CHOSON today stresses this in a signed commentary titled "Positive Contribution". The daily says:

The Soviet Union which takes it as the basic goal of her external policy to preserve a durable peace in the world and a lasting security of mankind proposed at the talks to discuss measures to settle the problem of preventing nuclear war and restricting the arms race, the pressing issue in the present international situation, and exerted positive efforts for the successful advance of the talks. This was clearly illustrated by the results of the talks.

At the talks Comrade Mikhail Gorbachev analysed the international situation today when the danger of a new global war, a thermonuclear war is heavily hanging over the globe and called for jointly seeking the ways to remove the danger of war and relax the international tensions, and advanced concrete and epochal proposals on banning nuclear and space weapons. The Soviet side proposed to mutually reduce by half nuclear means which may reach the territories of the Soviet Union and the United States on condition of totally banning space strike weapons.

At the talks the Soviet side exposed the reactionary nature of the "regional disputes" brought forward by the United States, laid emphasis on putting an end to foreign interference in the internal affairs of other countries and ensuring freedom and the right to independence to all countries and nations and advanced a series of other matters of principle.

The proposals of the Soviet side including one on banning nuclear and space weapons and its stand at the talks constitute a positive contribution to the struggle for easing the tense international situation and ensuring world peace and security.

The insistence of the United States on continuing with the "star wars" programme was duly opposed by the Soviet side. The Soviet side warned that the Soviet Union would have no alternative but to take counter-measures in case the United States keeps stepping up the "star wars" programme in defiance of public denunciation at home and abroad.

As shown by all facts, it was entirely because the United States persistently insisted on the "star wars" programme that no concrete agreement was reached at the talks on substantial disarmament and on such important problems as banning nuclear and space weapons.

But the U.S. ruling circles are now vociferously clamouring about as if their "star wars" programme enjoyed any "affirmation" at the Soviet-U.S. summit talks. This is a crafty trick to mislead world public opinion. If the United States truly opposes war and desires peace, it must take the road of disarmament and detente in actual deeds not in words only.

NODONG SINMUN ON U.S. NUCLEAR ARMS IN SOUTH

SK050504 Pyongyang Domestic Service in Korean 2150 GMT 2 Dec 85

[NODONG SINMUN 3 December special article: "South Korea Is the Source of the U.S. Imperialists' Nuclear War"]

[Text] The great leader Comrade Kim Il-song has taught: Because of the U.S. aggression and war maneuvers, South Korea has been turned into a powder magazine full of weapons of mass destruction, including nuclear Weapons, and a very dangerous situation capable of triggering a new war at any time has been created in our country.

The danger of triggering a new war, a nuclear war in particular, exists now in our country. Some 1,000 nuclear weapons of all kinds have been deployed in South Korea.

A U.S. military commentator testified that the areas around the Military Demarcation Line [MDL] are in fact the only places in the world where nuclear mines are buried. South Korea has been turned into a dangerous nuclear powder magazine. While keeping the nuclear deployment in other countries and areas secret by saying that it makes it a rule not to confirm or deny nuclear deployment, the U.S. imperialists are not trying to keep the nuclear deployment secret as far as South Korea is concerned. Rather, they are bringing more nuclear weapons into South Korea and deploying them there, saying that the total amount of explosives expended in World War II and the Korean war is equivalent to the force of one or two nuclear warheads, or that nuclear war is an economic and effective way to save the stupendous expenses necessary for production of conventional weapons.

As has been exposed by the U.S. paper THE NEW YORK TIMES, the U.S. imperialists have deployed 56 neutron bombs, which are called the devil's weapons of the 20th century, in South Korea, ahead of other areas. Also, as has been acknowledged by SEOUL SINMUN last January, they have deployed nuclear backpacks, the smallest nuclear bombs, developed for use by U.S. commando units, the Green Berets, in U.S. military bases in Uijongbu, close to the MDL.

South Korea is a narrow area of land, about one-thirtieth the size, in terms of acreage, of West European countries arrayed in NATO. However, the density of nuclear deployment in South Korea is four times greater than that in NATO. In fact, no other place is as densely deployed with nuclear weapons, means to transport them, and units equipped with nuclear weapons as South Korea today. There is no limit to the U.S. imperialists' act of turning South Korea into a nuclear base. As has been exposed by the Japanese magazine (?TSUKURU), the U.S. imperialists are in a hurry to bring B-52 strategic bombers into South Korea and are about to introduce into South Korea offensive missiles such as cruise missiles and Pershing II missiles. They are even dragging South Korea into the adventurous "star wars" plan, a plan for nuclear war in space. In the event such adventurous plans are implemented, South Korea no doubt will further become the source of a dangerous nuclear war.

It is not for exhibition or display that the U.S. imperialists are bringing numerous nuclear weapons into South Korea. They are trying to provoke a nuclear war in Korea. As has been revealed by Edward Meyer, former U.S. Army chief of staff, who remarked that making a decision on whether or not to use nuclear weapons in South Korea is less complicated than the case involving a decision in NATO, which requires a consultation of the 15 member states, the U.S. imperialists have no constraints with regard to provoking a nuclear war in Korea.

Recently, the Japanese magazine (?GENDAI NOMI) exposed that it is not Europe but Asia -- Korea -- that the United States is trying to turn into a nuclear battlefield. This arouses a deep worry in the hearts of not only our people, but also of the people of Asia and the world. In the event a nuclear war breaks out in Korea, it will destroy peace in Asia and the world, and can plunge mankind into a nuclear holocaust.

The anti-nuclear movement calling for the abolition of nuclear weapons is being vigorously launched by the world's peace-loving people. However, the U.S. imperialists still ignore the demand of the world's people for the withdrawal of nuclear weapons from South Korea and for turning the Korean peninsula into a nuclear-free and peace zone. While shipping a large number of nuclear weapons into South Korea, the U.S. imperialists are babbling that they will protect South Korea with the nuclear umbrella. This is preposterous. The purpose of the U.S. nuclear umbrella is to make South Korea the victim of a nuclear war. If a nuclear war breaks out in Korea, no one in the country will be able to emerge unscathed from the nuclear holocaust. Not only does the additional deployment of nuclear weapons threaten the survival of the nation. In addition, the nuclear weapons that have already been deployed should be removed. Turning the Korean peninsula into a battlefield of a nuclear war or into a nuclear weapons testing site is intolerable. Such antinuclear sentiment as that raised by the South Korean youths, students, and personages of all walks of life is inevitable.

Removing the dangers of a nuclear war created on the Korean peninsula is a pressing issue that awaits a solution. To this end, all nuclear weapons deployed in South Korea should be removed, along with the U.S. troops of aggression, and the stockpiling and introduction of nuclear weapons should be entirely prohibited. All of the Korean people who love the nation and the people, regardless of their ideology, systems, and political views, should join as one in the struggle to oppose nuclear war and to check and frustrate it.

KOREANS IN JAPAN DENOUNCE U.S. FOR SHOOTING

SK041107 Pyongyang KCNA in English 1016 GMT 4 Dec 85

[Text] Tokyo December 2 (KNS-KCNA) -- Korean women in Japan are vehemently denouncing a soldier of the Okinawa-based Marines of the U.S. imperialist aggression forces for having shot dead a South Korean woman named Kim Yong-cha on a street in Pochon, Kyonggi Province, South Korea. In her press statement Kim Yong-ae, chairman of the Tokyo metropolitan headquarters of the Central Union of Korean Women in Japan, branded the brutality of the U.S. imperialist ogre as a thrice-cursed, unpardonable criminal act which can be committed only by the beasts who are trained for aggression and plunder, racial discrimination and misanthropy against other nations and by the U.S. imperialists who regard Koreans as "rats".

The U.S. imperialists must stop at once the criminal act totally trampling underfoot the national dignity and sovereignty of the South Korean people and women and withdraw forthwith from South Korea, taking along their lethal equipment, stressed she.

Om Chong-min, chairman of the Osaka prefectural headquarters of the Central Union of Korean Women in Japan, said that she could not repress surging national indignation at a soldier of the U.S. imperialist aggression forces who had shot to death a South Korean woman in broad daylight just for a fun of it and stressed that such ogres must be punished at once. The U.S. imperialists are the root cause of all the misfortunes and sufferings of our nation and the main obstacle to national reunification, declared Om Chong-min.

SCIENTIFIC, CULTURAL GROUP FORMED WITH JAPAN

SK041110 Pyongyang KCNA in English 1008 GMT 4 Dec 85

[Text] Tokyo December 2 (KNS-KCNA) -- The inaugural meeting of the Kyoto Association for Japan-Korea Scientific and Cultural Exchange was held in Kyoto, Japan, on November 26. After a report the statute of the association was adopted at the meeting. Officials were elected at the meeting.

Azuma Okuda, honorary professor of Kyoto University, was elected chairman of the association and Kosho Mizutani, rector of Buddhist University; Masaaki Ueta, professor of Kyoto University; and Mitsuyuki Ishita, honorary professor of Ryukoku University, vice-chairmen of the association. Masaaki Ueta gave a lecture at the meeting on the subject "Koguryo Culture and Ancient Times of Japan."

WPK, THAI PARTY DELEGATIONS HOLD TALKS

SK301127 Pyong yang KCNA in English 1007 GMT 30 Nov 85

[Text] Pyongyang November 30 (KCNA) -- Talks were held here today between the delegation of the Workers' Party of Korea and the delegation of the Democratic Party of Thailand. Present at the talks on our side were Hwang Chang-Yop, secretary of the WPK Central Committee; and Kim Chae-pong, vice-director of a department of the WPK Central Committee; and other personages concerned. Present on the opposite side were the members of the Delegation led by Snoh Phungjiam, deputy leader of the Democratic Party of Thailand. At the talks both sides exchanged views on further developing friendly and cooperative relations between the two parties and two countries and on a series of problems of common concern. The talks proceeded in a friendly atmosphere.

Kim Il-song Receives Group

SK021054 Pyongyang KCNA in English 1024 GMT 2 Dec 85

[Text] Pyongyang December 2 (KCNA) -- The great leader President Kim Il-song today received the visiting delegation of the Democratic Party of Thailand headed by Snoh Phungjiam, deputy leader of the party. Present on the occasion were Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, and Kim Chae-pong, deputy department director of the WPK Central Committee. President Kim Il-song conversed with the guests in a cordial and friendly atmosphere. The guests presented a gift to him.

COMMODITIES DELIVERY AGREEMENT WITH POLAND SIGNED

SK290556 Pyongyang KCNA in English 0526 GMT 29 Nov 85

[Text] Pyongyang November 29 (KCNA) -- An agreement on the mutual delivery of commodities and payments between the governments of the Democratic People's Republic of Korea and the Polish People's Republic for 1986-1990 was signed in Pyongyang on November 28.

A protocol on the mutual delivery of commodities and payments between the two governments for 1986 was signed on the same day.

The agreement and the protocol were signed on our side by Kim Paek-sun, vice-minister of foreign trade, and on the opposite side by Antoni Karas, Polish vice-minister of foreign trade.

TRADE AGREEMENT WITH GDR SIGNED 27 NOVEMBER

SK301058 Pyongyang KCNA in English 1028 GMT 30 Nov 85

[Text] Pyongyang November 30 (KCNA) -- An agreement on the mutual delivery of commodities and payments between the governments of the Democratic People's Republic of Korea and the German Democratic Republic for 1986-1990 was signed in Berlin on November 27. It was signed by head of the DPRK Government trade delegation Kang Chong-Mo, first vice-minister of foreign trade, and Horst Soelle, minister of foreign trade of the GDR.

On the same day, a protocol on the mutual delivery of commodities and payments between the governments of the DPRK and the GDR for 1986 was signed.

KIM YONG-NAM ENTOURAGE RECEIVED BY ZIAUL HAQ

SK030544 Pyongyang KCNA in English 0512 GMT 3 Dec 85

[Text] Pyongyang December 3 (KCNA) -- Mohammad Ziaul Haq, president of Pakistan, on November 30 met Vice-Premier and Foreign Minister Kim Yong-nam and his entourage. The foreign minister conveyed regards of President Kim Il-song to President Mohammad Ziaul Haq.

President Haq expressed deep thanks for this and asked the foreign minister to transmit his wholehearted greetings to his excellency President Kim Il-song and his excellency Kim Chong-il. Saying that he had deep respect for his excellency President Kim Il-song, he noted: Pakistan deems it a great pride to have excellent friendly relations with Korea.

His excellency respected President Kim Il-song is the distinguished leader of the Non-aligned Movement, he stressed. He expressed the belief that Korea would surely be reunified in a peaceful way under the wise leadership of his excellency respected President Kim Il-song.

The conversation proceeded in a friendly atmosphere. Earlier, on November 29, Prime Minister of Pakistan Mohammad Khan Junejo met the foreign minister and his entourage.

KIM YONG-NAM, SINGAPOREAN FOREIGN MINISTER TALK

SK040545 Pyongyang KCNA in English 0520 GMT 4 Dec 85

[Text] Pyongyang December 4 (KCNA) -- Talks between Vice-Premier and Foreign Minister Kim Yong-nam and S. Dhanabalan, minister of foreign affairs and social development of Singapore, were held in Singapore on December 2. Discussed at the talks was the problem of boosting the Non-Aligned Movement and the friendly relations between the two countries. The talks took place in a friendly atmosphere.

KWP RECEPTION HONORS AFGHAN PARTY DELEGATION

SK300538 Pyongyang KCNA in English 0507 GMT 30 Nov 85

[Text] Pyongyang November 30 (KCNA) -- The Central Committee of the Workers' Party of Korea hosted a reception at the Onkyu Restaurant Friday evening for the visiting delegation of the People's Democratic Party of Afghanistan headed by Mahmud Baryalai, alternate member of the political bureau, and secretary, of the central committee of the party. Speeches were made at the reception by Hwang Chang-yop, secretary of the Central Committee of the WPK, and Mahmud Baryalai.

Hwang Chang-yop said that today the Afghan people under the correct leadership of their party headed by respected Comrade Babrak Karmal were defending the gains of the April Revolution and successfully fulfilling the tasks of national democratic revolution, frustrating the moves of the domestic reactionary forces. The People's Democratic Party of Afghanistan adheres to the principle of non-alignment in the external relations, opposes the aggressive and belligerent moves of the U.S.-led imperialists and is making energetic efforts to strengthen friendship and solidarity with the peoples of the socialist countries and other progressive peoples of the world, he noted. Treasuring friendly relations with your party, we will in the future, too, firmly unite with the Afghan people and actively struggle for the victory of the common cause of anti-imperialism.

Mahmud Baryalai noted that the Afghan people highly estimate the great successes achieved by the Korean people in socialist construction over the past 40 years under the leadership of the Workers' Party of Korea. Noting that the WPK which was founded and is led by the respected leader Comrade Kim Il-song has been strengthened and developed as the general staff of the revolution, he touched upon the shining successes registered by the Korean people in the revolution and construction under the correct leadership of the party. The People's Democratic Party and the people of Afghanistan express firm solidarity for the staunch and heroic struggle of the fraternal Korean people who are achieving social progress and the country's prosperity, bravely fighting the imperialists. Afghanistan, he stressed, actively supports the proposal for founding the Democratic Confederal Republic of Korea and the proposal for three-way talks put forward by the great leader Comrade Kim Il-song for the peaceful reunification of the country.

PYONGYANG NOTES KABUL ANTI-IMPERIALIST MEETING

SK020934 Pyongyang Domestic Service in Korean 0700 GMT 1 Dec 85

[Text] According to a news report from Kabul, a mass meeting has been held in the capital of Afghanistan to protest the maneuvers of the imperialists and reactionary forces to destroy the revolutionary gains. The participants in the meeting disclosed and denounced the conspiratorial maneuvers of the international imperialists, with the United States as the ringleader, to continuously oppose Afghanistan. They expressed the resolve of the Afghan people to positively participate in the process of the country's progressive reforms, to firmly safeguard the revolutionary gains, and to resolutely launch a counterattack against the enemy.

MAC MEETING SET FOR 6 DECEMBER IN PANMUNJOM

SK050926 Seoul Domestic Service in Korean 0900 GMT 5 Dec 85

[Text] The 431st MAC meeting will be held at the conference room of the Neutral Nations' Supervisory Commission in Panmunjom at 1100 [0200 GMT] on 6 December. The MAC meeting will be held in accordance with a counterproposal of the United Nations Command side to a communist side proposal.

REPORTAGE ON CONCLUSION OF N-S RED CROSS TALKS

SK040646 Seoul YONHAP in English 0639 GMT 4 Dec 85

[Text] Seoul, Dec. 4 (OANA-YONHAP) -- South and North Korean Red Cross officials failed to make any significant progress in the 10th full-dress inter-Korean Red Cross talks because Pyongyang rejected Seoul's proposals, which included a second exchange of hometown visits by dispersed family members living on either side of the divided peninsula. The only agreement reached in the two-day meeting, which ended here Wednesday, was to hold an 11th Red Cross meeting on Feb. 26, 1986, in Pyongyang.

North Korea also turned down Seoul's proposal for the free exchange of mail between the separated family members who reunited briefly last September. Fifty Koreans from each side traveled to Seoul and Pyongyang, where some of them met with long-lost relatives. Instead of accepting Seoul's suggestion that the five-point agenda be discussed in a package, Pyongyang insisted that the discussion of free travel is a more urgent matter.

Free travel is one of the five agenda items on which the two sides agreed in the 1972 Red Cross talks. The four other items were the matter of ascertaining the whereabouts of displaced family members, the free exchange of mail between family members, the reunion of separated family members and other humanitarian projects. North Korea also refused to discuss the establishment of a joint Red Cross committee and a Panmunjom project office.

During the talks, held in the Sheraton Hotel here, South Korea presented three draft agreements on the implementation of projects envisioned in the five-point agenda, the arrangement of procedures for free travel between dispersed family members and the formation of an inter-Korean committee.

North Delegates Tour Subway

SK050114 Seoul THE KOREA TIMES in English 5 Dec 85 p 8

[Text] All of the 84-member north Korean Red Cross party took a ride on subway trains in Seoul yesterday afternoon, the third day of their stay in the south.

Upon arriving at Myong-dong station, at 4:15 p.m. by bus or sedans, they became the target of frantic news coverage by over 150 writers' and cameramen, Korean and foreign. They cancelling a plan to look around underground stores, went aboard a sixcoach special train prepared for them. There were no paid passengers on the train.

Guided by stationmaster Chong Man-kon, they changed trains on another track to reach the Capitol station and go back to Tongguk station where they got off. Then, they went to the Shilla Hotel; where they were treated to a dinner party hosted by Seoul's chief delegate, Yi Yong-tok.

Yi Chong-yul, chief north Korean delegate, was guided by Kim Chae-myong, president of the Seoul Metropolitan Subway Corp., upon his arrival at Myong-dong Station. He was accompanied by his Seoul counterpart, Yi Yong-tok, and his delegation from the north. At Myongdong and Chungmuro stations, he was briefed by heads of the stations on the facilities, management and operation situation of the subway trains.

Pak Tong-hun, director of the north Korean Red Cross in charge of international affairs said that subway lines in Seoul are not so deeply built as those in Pyongyang. When asked why the subway tracks in Pyongyang were so deeply constructed, he replied that it is relatively cool in summer and warm in winter.

A reporter claiming to be of the TONGIL SHINBO in the north said that the walls of the stations have many advertisements. Pyongyang subway stations are mainly decorated with traditional arts and those depicting the public life of the people, he said. The interior decorations in Pyongyang stations are more dazzling than those in Seoul, he said. He added that this is his first trip to the south. A pressman from northern "Minjuchoson" said that the subway trains in the north are also crowded with passengers during rush hours. The subway charge per person is 10 "jon," he said, adding that there are also regular passes for commuters.

Official on Open-Door Policy

SK050122 Seoul THE KOREA TIMES in English 5 Dec 85 p 8

[Text] An official of the north Korean Red Cross said that Pyongyang would adopt an open-door economic policy like Beijing and Moscow. Asked how he feels about China's policy line of actively introducing the capitalist system, the official, who identified himself as public relations director, said that north Korea agrees with the change. "Circumstances require us to accommodate ourselves to changing economic situations. We will push ahead with the joint venture law designed to speed up the introduction of foreign capital and technology," he said. "That kind of policy change does not mean a divorce with Marxism, of course," said the official, who revealed himself to be a graduate from the philosophy department of Kim Il-song University.

Delegates Address Banquet

SK041226 Seoul YONHAP in English 1219 GMT 4 Dec 85

[Text] Seoul, Dec. 4 (OANA-YONHAP) -- Yi Yong-tok, South Korea's delegate to the 10th inter-Korean Red Cross talks, said Wednesday that Red Cross officials of South and North Korea "should endeavor to help reunite the family members and relatives, dispersed in South and North Korea, and to accomplish the unity of the Korean people."

Addressing a dinner he hosted for the 84 North Korean officials and pressmen, Yi said that the Red Cross officials should fulfill their task of reuniting the dispersed families. The dinner held was at the Shilla Hotel in downtown Seoul.

"Although we could not iron out differences of our opinions at the 10th meeting, I firmly believe that we can solve any question if we continue dialogue with patience, based on the understanding about the differences," he said.

The two-day 10th full-dress talks ended Wednesday without any substantial progress. The next and 11th meeting will be held in Pyongyang February 26-27 next year.

In reply, Yi Chong-yul, chief North Korean delegate, said that "there still are accumulated works to be done in order to lead the dispersed families to the road to free travels." "To ease tensions between the two sides, and to build mutual trust, the two Red Cross Societies should solve the problems with the spirit of Red Cross," he said. Meanwhile, Yi had a chance during the dinner to encounter in 40 years with [as received] five of his old classmates of the Severance Medical College, the predecessor of the Medical College of Yonsei University in Seoul. Yi and the five Severance alumni entered the college in 1943. All the five are active in Seoul as doctors.

Before the dinner, the North Koreans toured Seoul's subway system. The 84-member North Korean delegation is scheduled to return to Pyongyang Thursday morning, via the truce village of Panmunjom.

North Delegation Departs

SK050316 Seoul YONHAP in English 0311 GMT 5 Dec 85

[Text] Seoul, Dec. 5 (OANA-YONHAP) -- An 84-member North Korean Red Cross delegation left here Thursday for Pyongyang, winding up a four-day visit that included two rounds of talks with South Korean Red Cross officials. The North Korean team, which comprised seven delegates, seven advisers, 50 pressmen and 20 attendants, left the Sheraton Hotel, where they stayed three nights, at 9:10 a.m. (0010 GMT) aboard sedans and buses prepared by the South Korean Red Cross. They crossed the border at the truce village of Panmunjom around 11 a.m. (0200 GMT).

The North Koreans, led by Yi Chong-yul, vice chairman of the North Korean Red Cross Society, arrived here Monday for the 10th full-dress talks. The purpose of the inter-Korean Red Cross talks, which have been held intermittently since 1972, is to reunite the estimated 10 million Koreans separated from relatives living on the other side of the Demilitarized Zone dividing the two halves of the peninsula. The only agreement the two sides reached during the talks was to hold the next meeting Feb. 26-27 in Pyongyang. During their stay here, the North Koreans attended luncheons and dinners and took two tours of the capital city.

GOVERNMENT SEEKS DIRECT SEOUL-BEIJING AIR ROUTE

SK050142 Seoul THE KOREA HERALD in English 5 Dec 85 p 1

[Text] A senior official at the Transportation Ministry yesterday said the government maintains that a direct Seoul-Beijing air route should be opened, provided a direct Tokyo-Pyongyang aviation route is established. The official, who wanted to remain anonymous, said the Seoul's position had earlier been delivered to the International Civil Aviation Organization (ICAO) headquartered in Montreal. He said, "Our position remains unchanged."

Previously, the official said, north Korea had expressed stiff opposition to an opening of direct air routes between Seoul and Beijing, even if it manages to establish a direct air link with Japan. It is not clear whether the Pyongyang regime had undergone a change in its stance on the matter, the official said.

Japan's KYODO NEWS SERVICE recently reported that north Korea has proposed to the ICAO that a new air route be opened linking Tokyo, Pyongyang and Beijing. The Japanese government, however, has maintained that an air route should be opened linking Seoul, Tokyo and Beijing, even if the north Korean bid is accepted.

The Seoul government has held no consultations with the Tokyo government with regard to the north Korean proposal, according to the Transportation Ministry official. South Korea maintains no diplomatic relations with China, Japan, on the other hand, does not have diplomatic relations with China, Japan, on the other hand, does not have diplomatic ties with north Korea.

LIBYA PROHIBITS KOREANS FROM LEAVING FOR HOME

SK030217 Seoul THE KOREA HERALD in English 3 Dec 85 p 8

[Text] Koreans, mostly construction workers, in Libya were prohibited from leaving the country over the weekend, said Korean Air officials yesterday.

Some 200 Koreans in Tripoli, capital of Libya, booked KAL flight 802 Sunday to return home, but were unable to board the jetliner because of an exit ban, the officials said. It was not known why the exit ban had been in effect for Koreans. The Libya-Egypt relationship has been tense following the recent hijacking of an Egyptian jetliner. The officials were worried that another batch of 243 Koreans who had booked KAL flight 802 to return to Seoul Wednesday might also be unable to leave the north African country. Last Saturday, employees of Dong Ah Construction Industrial Co. entered Libya aboard a Korean Air Liner.

SEMINARY STUDENTS SEIZE LABOR UNION OFFICE

SK050136 Seoul THE KOREA HERALD in English 5 Dec 85 p 8

[Text] Six theological seminary students, armed with Molotov cocktails, broke into the National Textile Workers' Union building in Hapjong-dong, Mapo-gu, around 8 a.m. yesterday and occupied it for about an hour before they were taken away by police. The students, all seniors of the Methodist Theology Seminary, stormed into the building without receiving any obstruction, because all doors and windows of the building were open for house-cleaning. The intruders, including two coeds, seized a third-floor office of the four-story building and locked themselves inside the office after barricading the door with tables and chairs. There were no hostages held, police said.

After seizing the office, the students spread antigovernment leaflets outside and hung large placards bearing slogans demanding greater labor rights. The leaflets also criticized alleged government pressure against labor union and demanded the revision of the Constitution. The students were led by Paek Yong-hyon, president of the seminary's student council.

When police attempted to enter the room, the students poured kerosene on the floor and threatened to start fire. They also broke two glass windows. However, the students were apprehended by police who rapidly dashed into the room.

YI MIN-U MEETS U.S. OFFICIAL, VIEWS CONSTITUTION

SK040038 Seoul THE KOREA TIMES in English 4 Dec 85 p 4

[Text] Rep. Yi Min-u, head of the NDP [New Korea Democratic Party], told a foreign visitor yesterday that the main opposition party will win strong popular support when it stages a nation-wide campaign to get signatures for the constitutional revision as part of its "struggle outside the parliament." Yi said in an hour-long meeting with Harriet W. Isom, director of the Office of Korean Affairs, State Department, "I am sure that more than half the majority of people will join in the signature campaign." Yi told Ms. Isom that his party will prove (to the ruling DJP) that most people want constitutional amendment, according to Rep. Chong Chae-mun who was present at the meeting. The NDP president, however, said that his party will resort to peaceful and democratic ways and means to achieve the ultimate goal of rewriting the Constitution.

Concerning recent anti-government student activism, Yi said that those students think what they have done is right and just. Therefore, those who were given heavy sentences even tend to be proud of such a penalty, believing that they will be pardoned by the incumbent government soon. Yi added that the only way to prevent students from doing such radical acts as the seizure of public buildings, is for the incumbent regime to restore democracy by the constitutional revision, according to Chong. Ms. Isom was learned to have met several government leaders and opposition leaders during her stay here.

Rep. Yi Taek-hui, chairman of the NDP Policy Committee, and Dr. Edward Dong, a secretary in the U.S. Embassy in Seoul, were also present at the meeting.

CPD SIGNATURE CAMPAIGN TO REVISE CONSTITUTION

SK050212 Seoul THE KOREA TIMES in English 5 Dec 85 p 4

[Text] The Council for the Promotion of Democracy [CPD] led by Kim Tae-Chung and Kim Yong-sam, decided yesterday to launch a campaign to collect signatures from 10 million people for constitutional revision. The dissident group made the decision in a meeting of its standing steering committee, held at its headquarters in Sosomun-dong. Kim Yong-sam, who presided over the meeting, said, "Of the 40 million population of the nation, about 20 million people are eligible voters, and the CPD plans to receive signatures from 10 million people, half of the voters."

"We will discuss later ways to cooperate with the main opposition New Korea Democratic Party in launching the drive," he said. The NDP resolved Tuesday to promote a signature-collecting campaign after it ended a five-day sit-in at the Assembly. The CPD will hold a meeting of its leading figures today to discuss when and how they will launch the drive.

DJP SEEKS TALKS WITH NKDP ON CONSTITUTION

SK040022 Seoul THE KOREA TIMES in English 4 Dec 85 p 1

[Text] The national budget turmoil quieted down yesterday, at least outwardly, with the lawmakers of the New Korea Democratic Party ending their 24-hour hunger strike and the ruling party indicating efforts to seek a negotiated peace.

Sources at the Democratic Justice Party said yesterday that the party was willing to discuss the establishment of a special house panel for "research" on the Constitution with the main opposition NDP. The DJP had proposed the establishment of the panel as an alternative to the NDP's demand for the creation of a panel on the "Revision" of the basic law in the course of negotiations to pass the 1986 budget bill.

The NDP rejected the offer and the DJP railroaded the budget bill through the Assembly unilaterally early Monday morning. Party sources said yesterday that the party's proposal will be effective in the course of expected negotiations over the normalization of the current regular House session, which is now stalled due to the unilateral budget bill passage. However, they said that the ruling camp will get tough with any "illegal struggle on the streets" by the NDP with regard to its political campaign for the revision of the basic law.

The DJP held a meeting of leading officials yesterday for the first time after the abnormal House operation to discuss how to cope with the aftermath of its unilateral passage of the budget bill. The party initially decided to have a "cooling-off" period before seeking to resume dialogues with the NDP, watching the moves of the NDP.

Party chairman No Tae-u expressed the hope that his NDP counterpart would be able to come to the negotiating table soon. The current regular House session ends on Dec. 18. The session is in a state of automatic adjournment in the wake of Monday's solo action of the DJP.

The NDP, ending its one-day hunger strike yesterday, declared that it would launch political offensives for constitutional revision, both inside and outside the parliament.

Party president Yi said, after returning to party headquarters from the Assembly building, that the NDP would never give up its struggle in the parliament. "We will also promote step-by-step struggles outside the parliament, and we will launch a campaign to collect signatures for a constitutional amendment," he said. The signature-collecting drive will be jointly promoted by the NDP and the Council for the Promotion of Democratization, co-chaired by Kim Tae-chung and Kim Yong-sam, according to him.

However, non-mainstreamers of the party and moderates are saying that the NDP should realize the goal of setting up a House panel on constitutional revision "through negotiation with the DJP."

Ending the sit-in protest at the Assembly, NDP lawmakers declared that "We will fight with an indomitable fighting spirit until we win in the sacred struggle for the revision of the Constitution." "The current regime should return to the great cause of democracy and should make an apology to the people (for the unilateral passage of the budget bill). Otherwise, we will launch a struggle of indefinite duration," they said.

In a "message to the people," NDP lawmakers said that they promise "to fight, leading the people, until the day when democracy's victory is achieved." Party officials said that the NDP would not attend the remaining House sessions. At present, a total of 109 bills and motions are awaiting House action, and they include an amendment to the Military Personnel Management Law and a motion for the import of public foreign loans.

CONFUSION IN NATIONAL ASSEMBLY BREACH OF DUTY

SK040130 Seoul TONG-A ILBO in Korean 30 Nov 85 p 2

[Editorial: "In What Direction Is the National Assembly Moving? -- 'Physical Blockings' and 'Lightning Passage of Bills' -- What Kind of Behavior Is This?"]

[Text] Watching the scenes of confusion and disorder created at the National Assembly -- where we see only forces being pitted against forces, we are greatly worried about the future of the country. What is it but the materialization of the dark shadow of a catastrophe that we have been worried would happen? Everything is so pressing and precipitous; everything is unclear. Furthermore, it is impossible to predict what will happen a few hours from now.

What kind of political situation will develop in our country, and where and how will the country chart its course? How difficult will our life become in the process?

The pooling of wisdom for dialogue and compromise has rarely been needed so much as at this moment, in order to bring the political situation under control. On numerous occasions we have stressed the need for such a pooling of wisdom. What has happened now? Simply put, it is nothing but a breach of duty on the part of the politicians. Despite the watchful eyes of the people, the DJP reportedly unilaterally passed the budget bill for next year and other pertinent bills within less than 1 minute and 20 seconds, in a blitzkrieg manner. The subcommittee for the adjustment of figures in the budget bill also reportedly completed its review in a lightning manner. The New Korea Democratic Party [NKDP] and the Korean National Party [KNP] reportedly have occupied the floor and staged a sit-in in a bid to block, by use of physical force, such passages of bills. Whatever excuses they may use to explain such a development, it is nothing but a repetition of the habits of the old era. What can be said to be new in comparison with the old habits?

We lost faith in the politicians of the rival parties a long time ago. Also, we have long been expecting that an extreme form of standoff, with no possibility of a political settlement, would inevitably arise at one time or another. However, a development similar to what is happening now is unimaginable. Are the politicians of the rival parties in control of themselves? What made them lead the National Assembly in this way? Do they think it is all right to have led the National Assembly under such circumstances? Both the rigid attitude of the majority, bent on forcing its way on the opposition by sheer numbers, and the illogic of the minority, which always resorts to such an extreme form of protest as a sit-in, are deplorable. Either of them is a far cry from the parliamentary democracy we worship.

What saddens us most is that there is no one to turn the rival parties away from their tough fight. At a time when the political situation is so convoluted and when the country is in such confusion, what we need is the presence of a doyen who could knock the heads of the two sides and put them on the right track, using such authority that no one could challenge him.

We believe that the next few days constitute an important period that will have a very critical impact on the course of our country's politics. Whether both the ruling and opposition parties will collapse and usher in a catastrophe or whether they will overcome the difficulties by capitalizing on such a catastrophic situation as has been developed in our country depends entirely on what the politicians of the rival parties do from now on.

What is most desperately needed is for the politicians to regain their will to reason. We hope that they will each step back and think of the people who have elected them to the National Assembly and of the future of the country. This is the only advice we can give the politicians at this moment.

We believe that the politicians have not forgotten what the people hoped for in the 2 February election. They may have made up their minds at that time to do, if they were ever elected, whatever was required of them. However, less than a year from that time, the politicians themselves have turned the National Assembly, the so-called forum of the vox populi, into a scene of utter confusion. They no longer seem to be in the same frame of mind that they were in during the last election. The politicians of the rival parties are urged to remember that the people's judgment, as demonstrated in the vote counting last February, was so apparent as to make it seem overly harsh and as cold and clear as frost.

AUTHORITIES INVESTIGATE NATIONAL ASSEMBLY 'VIOLENCE'

SK051026 Seoul YONHAP in English 0925 GMT 5 Dec 85

[Text] Seoul, Dec. 5 (YONHAP)-- Authorities have begun investigating reports that aides of some opposition lawmakers broke fixtures at the National Assembly and assaulted ruling Democratic Justice Party (DJP) legislators when the DJP unilaterally passed the national budget bill early this month, a source said Thursday.

Minutes after the DJP passed the budget bill in a blitz action on Monday morning, opposition lawmakers and some of their aides reportedly manhandled some DJP lawmakers.

The source said that the unruly act which took place inside the National Assembly, constituted "intolerable violence of the legislative authority."

The DJP on Thursday issued a strongly worded statement calling the "illegal violence in the house" a "rash act which defames the dignity of the assembly and denies parliamentary democracy."

The DJP plans to revise the National Assembly law and regulations of the National Assembly Secretariat, in an effort to prevent the future outbreak of violence.

In a special statement issued on Thursday, National Assembly speaker Yi Chae-hyong condemned the violence in the chamber.

"It was very deplorable that violence was rampant inside the National Assembly, where all state affairs are discussed," he said.

In a related development, Rep. Yi Chin-u, secretary general of the unicameral legislature, tendered his resignation to speaker Yi, holding himself responsible for the violence.

PHNOM PENH CELEBRATES LAO NATIONAL DAY

Delegations Visit Embassy

BK021641 Phnom Penh Domestic Service in Cambodian 0430 GMT 2 Dec 85

[Text] Joining in the celebration of the LPDR's 10th National Day, on 1 December a high ranking party-state delegation of the PRK headed by Comrade Hun Sen, member of the party Central Committee Political Bureau, chairman of the Council of Ministers and minister of foreign affairs, paid a call on and brought some presents for Comrade Pheli Khounlaleuk, ambassador extraordinary and plenipotentiary of the LPDR to Cambodia.

Speaking on this occasion, Comrade Hun Sen expressed great joy at and warm congratulations for the historic victory of 2 December won by the LPDR over all types of feudal and colonialist regimes. He went on to say that the successes of the LPRP are also the successes of the KPRP. He said he was firmly convinced that the bonds of friendship, solidarity, and cooperation between Cambodia and Laos would be strengthened and developed steadily.

In his speech, Comrade Pheli Khounlaleuk expressed deep thanks to our party and state delegation and said that the great victories won by the Lao party and people could not be separated from the close cooperation of the three Indochinese countries, which have a long-standing tradition of heroic, sincere, and resolute struggle against common enemies. He stressed that this will further strengthen and develop the bonds of solidarity, friendship, and cooperation between Laos and Cambodia.

On the same day, a delegation of the Foreign Ministry headed by Comrade Prach Sun, vice chairman of the party Central Committee's Foreign Relations Commission, a delegation of the KUFNCD National Council headed by Comrade Men Chhan, member of the Council of State and standing vice chairman of the KUFNCD National Council, a delegation of the Cambodia-Laos Friendship Association headed by Comrade Di Phin, deputy minister of social affairs and invalids and vice chairman of the association, and a delegation of the Foreign Ministry's Asia Department headed by Comrade (Chieng Eng-Nguon), deputy chief of the Asia Department, also paid calls on the ambassador and his colleagues at the Lao Embassy. These calls ended in a joyful atmosphere permeated with a spirit of solidarity, friendship, and cordiality.

Phnom Penh Meeting Held

BK031435 Phnom Penh SPK in English 0630 GMT 3 Dec 85

[Text] Phnom Penh SPK December 2 -- A grand meeting to mark the 10th national day of the Lao People's Democratic Republic (Dec. 2) was held in Phnom Penh Monday morning under the auspices of the National Council of the United Front for Construction and Defence of the Kampuchean Fatherland.

Present, among others, were Chea Sim, Politburo member of the People's Revolutionary Party of Kampuchea Central Committee and chairman of both the National Assembly and the Front National Council; Hun Sen, Politburo member of the party Central Committee, premier and minister for foreign affairs; Say Phuthang, Politburo member of the party Central Committee and chairman of the party Control Commission and vice president of the State Council; Men Sam-an, Politburo member, and president of the commissions for organization and for propaganda and education of the party Central Committee; Nguon Nhel, candidate Politburo member of the party Central Committee and secretary of the Phnom Penh party committee.

Lao Ambassador Pheli Khounlaleuk, Vietnamese Ambassador Ngo Dien and other representatives of diplomatic corps also attended the meeting.

In his opening speech, Hun Sen said that the final victory on December 2, 1975 began a new stage in the history of Laos in which the people have become master of their country and destiny. Having put an end to the domination of colonialism, imperialism and feudalism, the LPDR opened an era of independence, sovereignty and national reunification and embarked on the glorious path of socialism. He continued: "We warmly welcome these victories and regard them as our own and as victories for the strategic alliance of the three Indochinese countries, for the national liberation movements, and for all the forces of peace, democracy and socialism in the world.

Hun Sen continued by saying that Lao had doubled its food production and has strongly developed industry, handicrafts, transport, communications, culture and health care. Electricity output has increased fivefold, and illiracy has been eliminated, he further noted.

"These successes are the fruition of the correct implementation of the resolutions of the Third Congress of the Lao People's Revolutionary Party. Now the Lao people are working hard to obtain new achievements to greet the coming fourth congress of the party," Hun Sen said.

He continued: "In diplomacy, the LPDR is firmly committed to a policy of peace, friendship and non-alignment. The party and the Government of Laos give top priority to developing their special relations with the People's Republic of Kampuchea and the Socialist Republic of Vietnam, to broadening their multiform cooperation with the Soviet Union and other fraternal socialist countries and to maintaining good relations with the non-aligned countries and all peace loving people. As a result, the prestige of the LPDR is incessantly rising on the international arena, thereby contributing to preserving peace in Southeast Asia and the world as a whole.

The Kampuchean leader pointed out that the PRPK, the government and the people of Kampuchea highly valued the great achievements and victories recorded by the Lao people at home and abroad in their strategic tasks of national defence and socialist construction, in conformity with the resolutions of the Third LPPD Congress.

On Kampuchea, Hun Sen said: "In the seven years under the clearsighted leadership of the P.R.P.K. with Comrade Heng Samrin at the head, and thanks to the assistance of Laos, Vietnam, the Soviet Union and other fraternal socialist countries, the Kampuchean people's resolute struggle to defend their revolutionary gains has successfully foiled all subversive moves of Chinese expansionists and hegemonists, the U.S. imperialists and reactionary circles in Thailand."

He quoted General Secretary Heng Samrin as saying at the Fifth P.R.P.K. Congress: "The inshakable solidarity between the peoples of Kampuchea, Vietnam and Laos and between them and the Soviet Union and other socialist countries is eternal; it guarantees the victory of the Kampuchean revolution."

"We take this opportunity," Hun Sen said, "to express profound gratitude to the peoples of Laos and Vietnam for sharing weal and woe with us in our common struggle, and to thank the peoples of the Soviet Union and other fraternal socialist countries for their sympathy with, and their support and assistance to the just struggle of the Kampuchean people."

He pointed out that the 10th anniversary of the Lao People's Democratic Republic was taking place at a time when the situation in the world and in this region was in favour of the struggle of the three peoples of Indochina, against imperialism, expansionism-hegemony and other international reactionary forces. He said that although U.S. imperialism was trying everywhere to counter the national liberation movement, it was unable to weaken the three currents of the world revolution.

He noted that the U.S. policy of gaining military superiority over the Soviet Union for an escalation of the arms race and the militarization of outer space had run against the peace movement sweeping Western Europe and the rest of the world. Moreover, he noted, conflicts in the imperialist camp are mounting around many issues, such as the S.D.I., economy and trade.

Hun Sen said the recent meeting between Soviet party General Secretary M. Gorbachev and U.S. President Reagan in Geneva underscored the consistent stand of the Soviet Union to put an end to the arms race and prevent the militarization of space. "The P.R.K. renews its support for the peace proposals made by the Soviet Union and other member states of the Warsaw Treaty," he declared.

Hun Sen said the improved relations between the big countries helped strengthen the trend for dialogue between the Indochinese and ASEAN countries in the quest for a settlement of regional problems. He recalled that the world public had widely acclaimed the communique on the 11th conference of the Indochinese foreign ministers, which reaffirms the decision of the P.R.K. and the SRV to go with the annual withdrawals of Vietnamese Army volunteers and to effect their complete pullout by 1990. However, the ruling circles in Beijing and the ultra-rightists in Bangkok persist in using the Polpotists and other Khmer reactionaries and reactionaries from Laos to oppose the three Indochinese peoples, Hun Sen noted.

He said that Thai ultra-rightists have violated the joint communiques signed with Laos in 1979 by unilaterally sealing off the border and conducting repeated armed provocations and shelling on Lao territories along the Mekong River. He particularly recalled the attacks on the occupation of three Lao hamlets in Sayaboury Province in June last year and the economic embargo imposed by Bangkok on Laos. All these provocations notwithstanding, Hun Sen continued, Laos has consistently upheld a policy of good neighbourhood with Thailand and has repeatedly proposed for a settlement of all problems through peaceful negotiations.

Hun Sen said the Lao Government has firmly demanded that Thailand give a positive response to its sincere proposal for normalization of bilateral relations and for a common border of peace in conformity with the 1979 communiques.

Hun Sen continued by condemning the hostile policy pursued by Thailand vis-a-vis Kampuchea. "Not a week went by," he said, without some encroachments of our territorial sovereignty by Thai Air Force, Marines and Infantry. To cover up their criminal acts, the Thai authorities resort to slanderous propaganda against both Kampuchea and Vietnam while even stepping up their violations of Kampuchea's sovereignty."

"The P.R.K. demands," Hun Sen insists, "that the Thai authorities put an immediate end to their violations of Kampuchea's sovereignty and territorial integrity. The authorities in Bangkok are held fully responsible for all the consequences of their hostility. As for Kampuchea, we reserve the right to destroy all hideouts of the Khmer reactionaries located on Kampuchean territory."

Hun Sen said the Kampuchean people would further strengthen their special alliance of friendship and solidarity with the Soviet Union and other fraternal socialist countries.

In his speech, Lao Ambassador Pheli Khounlaleuk said the resounding victory on December 2, 1975 was the fruition of a long, hard struggle under the leadership of the Lao party against colonialism, neo-colonialism and imperialism. That victory, he said, combined with the victories won by the peoples of Kampuchea and Vietnam in the same year to bring about a drastic change in the balance in Southeast Asia and the world, in favour of peace and socialism.

The ambassador continued by condemning the acts of sabotage conducted against his country by the Chinese expansionists in conjunction with the U.S. imperialists, the Thai ultra-rightists and other reactionary forces.

After reviewing the success of his country over the past 10 years, the Lao ambassador said this success was owed, to a large measure, to the special relations and multiform cooperation among the parties, governments and peoples of the three Indochinese countries, and to the assistance of the Soviet Union, the other fraternal socialist countries, and all forces of progress and peace in the world.

Pheli Khounlaleuk said the relations between Laos and Kampuchea had a very long history and were developing more and more through joint political, economic and cultural activities and through frequent exchanges of visits, adding that cooperation at the provincial level had been particularly successful. This cooperation, the ambassador said, is a factor of development for the comprehensive cooperation, great friendship and militant solidarity between Laos and Kampuchea and among all the three countries of Indochina, on the basis of Marxism-Leninism and socialist internationalism, a factor guaranteeing their victory over the enemy.

Ambassador Pheli Khounlaleuk said the brilliant success of the Fifth Congress of the PRPK testified to the effectiveness and correctness of the party's leadership in defending and rebuilding Kampuchea during the transition to socialism. "We believe strongly that no reactionary force can stop the advance of the Kampuchean people or alter the course of their revolution," he stressed. The ambassador concluded by congratulating the Kampuchean people on their outstanding achievements and by pledging his country's unstinted effort to contribute to the fruitful development of the solidarity of the three fraternal peoples on the Indochinese peninsula.

Hun Sen Speech

BK031325 Phnom Penh Domestic Service in Cambodian 1300 GMT 2 Dec 85

[Speech by Hun Sen, member of the KPRP Central Committee Political Bureau, chairman of the Council of Ministers, and minister of foreign affairs, at 2 December Phnom Penh meeting marking the 10th anniversary of the LPDR -- recorded]

[Text] On this historic day, on behalf of the KPRP Central Committee, the Council of State, Council of Ministers, KUFNCD, and the Cambodian people, we would like to extend most sincere feelings of fraternal friendship and warmest greetings to Comrade Pheli Khounlaleuk and his colleagues and, through him, to the comrade party-government leaders and the Lao people of all nationalities in the LPDR. History shows that, like its neighboring Cambodia and Vietnam, Laos had been under the domination of French colonialism, Japanese militarism, and U.S. imperialism and their lackeys for more than a century.

In such a situation, the genuine Lao revolutionaries rose up and waged a valiant struggle to seize independence and peace for their beloved fatherland. Thanks to its correct lines and to the three Indochinese countries' spirit of friendship, militant solidarity, and mutual assistance in their struggle against the common enemy, the Lao people's national and democratic revolution won total victory on 2 December 1975.

Immediately after the liberation day, in addition to the many negative consequences left behind by the 30-year war, the Lao people faced another new enemy, that is, the Chinese hegemonist-expansionists in collusion with the U.S. imperialists and the Thai ultrarightist reactionaries who had carried out the war of all-round destruction against the Lao revolution as well as the Cambodia-Vietnam-Laos revolution. But, under the correct leadership of the LPRP with Comrade Kaysone Phomvihan as its leader, the Lao people fought valiantly to surmount all obstacles and won brilliant victories in their tasks of national defense and construction.

On behalf of the KPRP, the PRK Government, and the Cambodian people, I highly value the great achievements and victories won by the Lao people at home and in the international arena in fulfilling their two strategic tasks of national defense and socialist construction in conformity with the third party congress.

Dear comrades and friends: In the PRK, during the past 7 years under the correct leadership of the KPRP and with the assistance from Laos, Vietnam, the Soviet Union, and other socialist countries, the resolute struggle waged by the Cambodian people in defending their revolutionary gains has foiled the maneuvers of the Chinese hegemonist-expansionists in collusion with the U.S. imperialists and the reactionaries in the Thai ruling circles aimed at reversing the situation in Cambodia. Throughout the past 7 years, the resolute struggle to defend our revolutionary gains has been participated in several forms by our Cambodian people. We successively defeated the adventurous steps taken by the enemies. Particularly during the 1984-85 dry season, in close cooperation with the Vietnamese Volunteer Army, we smashed the positions of the Cambodian reactionary forces of all stripes along the Cambodian-Thai border. At present, we are gaining a firm foothold there. In the interior of the country, we have swept up the bandits and persuaded several thousands of misled persons to return to live with our revolution.

The PRK has been strengthened firmly and is controlling the entire territory. The success of the fifth party congress clearly proves the incessant advance of the Cambodian revolution, thus reflecting the power of the Cambodian people themselves and that of the Cambodia-Laos-Vietnam alliance, particularly the Cambodia-Vietnam alliance, the direct cause and the lively force for the cause of defending the revolutionary gains. At present, our entire party, people, and Armed Forces are uniting firmly as one man, enhancing their sense of being master of the country and the will to mastery and self-reliance, and striving to successfully implement the resolutions of the fifth party congress. The great victories scored in all fields by the Cambodian people in the past cannot be separated from the assistance of Vietnam, Laos, the Soviet Union, other fraternal socialist countries, and other friendly countries near and far in the world. As Comrade General Secretary Heng Samrin said during the fifth party congress: The unshakable solidarity between the peoples of Cambodia, Vietnam, and Laos and between them and the Soviet Union and other fraternal socialist countries is eternal; it is one of the many factors which guarantee the victory of the Cambodian revolution.

We take this auspicious opportunity to express our most sincere and profound gratitude to the peoples of Laos and Vietnam for sharing weal and woe with us in our common struggle, and to thank the peoples of the Soviet Union and other fraternal socialist countries for their sympathy with and their support and assistance to the just struggle of the Cambodian people.

Dear comrades and friends, the 10th founding anniversary of the LPDR is taking place at a time when the situation in the world and in this region is in favor of the struggle of the three Indochinese countries against imperialism, hegemonist-expansionism, and other reactionary forces. Although the U.S. imperialists are trying everywhere to counter the national liberation movement, this will not weaken the vigorous offensive of the three currents of the world revolution. The U.S. imperialists' warlike policy to gain military superiority over the Soviet Union through the escalation of the arms race and the militarization of outer space has been faced with the peace movement which is spreading in Western Europe and the rest of the world. Moreover, the conflicts in the imperialist camp are mounting around many issues, such as the economy and trade.

The recent summit meeting between Soviet party General Secretary Gorbachev and U.S. President Reagan underscored the consistent stand of the Soviet Union to put an end to the arms race and prevent the militarization of outer space.

The PRK would like to reiterate its support for the peace proposals made by the Soviet Union and the other member states of the Warsaw Treaty. The improved relations between the superpowers have helped strengthen Indochinese and ASEAN countries in the quest for agreement of regional problems. The world public has widely welcomed and acclaimed the communique of the 11th conference of the Indochinese foreign ministers, which reaffirms the decision of the PRK and the SRV to go on with the annual withdrawals of Vietnamese Volunteer Army and to effect their complete withdrawal by 1990. However, the Chinese ruling circles and the Thai ultrarightists still persist in fostering and using the Pol Pot remnants and the other Cambodian reactionaries and the Lao reactionaries to oppose the three Indochinese countries. The PRK Government demands that the Thai authorities give a positive response to the Lao Government's sincere proposal for normalization of bilateral relations and for turning the Lao-Thai border into a common border of genuine peace in conformity with the Lao-Thai and Thai-Lao communiqués signed in 1979.

Concerning the PRK, the Thai authorities have pursued their hostile policy against the Cambodian people. Every week, in addition to supporting the infiltration and sabotage activities committed inside Cambodian territory by the Pol Pot remnants and other Cambodian reactionaries, the Thai authorities order their aircraft, warships, and infantrymen to launch activities and conduct encroachments against the PRK's territorial sovereignty. To cover up their criminal acts against the Cambodian people, the Thai authorities have resorted to slanderous propaganda against both Cambodia and Vietnam. At the same time, they have stepped up their violations of the PRK's sovereignty. The PRK demands that the Thai authorities put an immediate end to their violations of the PRK's sovereignty and territorial integrity. The Thai authorities must be held fully responsible for all the consequences of their hostility against the PRK. The PRK once again asserts that it reserves the right to sweep up and destroy all hideouts of the Cambodian reactionaries located on Cambodian territory.

Dear comrades and friends, like the peoples of Laos and Vietnam, the Cambodian people who liberated themselves from the genocidal Pol Pot-Ieng Sary regime want nothing else but to live in peace and friendship and cooperation with the countries in Southeast Asia and elsewhere in the world. Out of this desire, together with the LPDR and the SRV, the PRK has many times displayed its good intention through the communiqués of the three Indochinese foreign ministers' conferences, particularly the communiqués of the 10th and 11th conferences. A positive response to these proposals from all parties concerned will concretely contribute to restoring peace and stability in Southeast Asia.

The Cambodian people will further strengthen and develop their special alliance of friendship and solidarity with the peoples of Laos and Vietnam and solidarity between the three Indochinese countries and the Soviet Union and other fraternal socialist countries in the world.

Long live the 10th National Day of the LPDR! [applause]

Long live the special solidarity and all-round cooperation between the PRK, the LPDR, and the SRV! [applause]

Long live the LPDR! [applause]

Long live the PRK! [applause]

HANG SAMRIN, HUN SEN CONGRATULATE LAO PREMIER

BK021558 Phnom Penh SPK in English 1131 GMT 2 Dec 85

[Text] Phnom Penh SPK December 2 -- Heng Samrin, general secretary of the People's Revolutionary Party of Kampuchea Central Committee, and Premier Hun Sen have congratulated Kaysone Phomvihane, general secretary of the Lao People's Revolutionary Party Central Committee and premier, on his 56th birthday. The Kampuchean leaders say:

"We note with pleasure that the Lao revolution, under your clear-sighted leadership, has obtained great successes in the defence and construction of socialist Laos."

"As the leader of the Lao People's Democratic Republic, you have actively contributed to strengthening the ties of friendship, solidarity and cooperation between our two countries, in the interests of our peoples, of peace and socialism."

They wish the Lao leader the best of health and greater success in his noble work.

VOK REPORTS SON SANN'S VISIT TO THAI SITE II

BK040939 (Clandestine) Voice of the Khmer in Cambodian 1300 GMT 2 Dec 85

[Text] His Excellency Son Sann, prime minister of the CGDK, visited the Cambodian civilian population at Site II which has been described as the largest Cambodian city after Phnom Penh. His Excellency Son Sann told reporters that he thinks that Vietnamese troops will not attack the Site II camp, which has more than 130,000 people in it. He said Site II is located on Thai soil and all the people in it are civilian; the majority being women and children. He said there are no Cambodian fighters in this camp. If Vietnamese forces attack this camp, it means that Vietnam is also committing aggression against Thai territory. Son Sann said if there is any fighting between Vietnamese soldiers and Cambodian resistance forces, it will be inside Cambodia. He added that Cambodian resistance forces have penetrated into Cambodia to wage a guerrilla war against Vietnamese forces. Site II is home for Cambodian people who fled from Ampil, Danggrek, Samlar, Prey Chan, and Ritthisen camps when these were attacked by Vietnamese troops last dry season.

VNA REPORTS 'COOPERATION' WITH U.S. ON MIA ISSUE

OW050753 Hanoi VNA in English 0708 GMT 5 Dec 85

["Vietnam-U.S. Cooperation in MIA Issue (by VNA correspondent)" -- VNA headline]

[Text] Hanoi VNA Dec 5 -- Vietnamese and American specialists have jointly excavated a U.S. B-52 crash site in Yen Thuong village, Gia Lam district on the outskirts of Hanoi, for the remains of four crew members believed to be still trapped in the cockpit of the downed aircraft. So far, more than a dozen pieces of human bones have been found. Excavation began on November 19, 1985 and concluded yesterday.

The giant bomber was shot down by an anti-aircraft missile of the Vietnam People's Army during the 12 days and nights of the U.S. air blitz on Hanoi in late 1972. Lieut-Col Trinh Huy Minh, a member of the Vietnam MIA Office and one among the first to arrive at the site after the crash, recalled that two members of the crew who bailed out were captured by the villagers on the same night. The Vietnamese side has returned these two American POW's to the U.S. side.

Mr. Nguyen Van Thanh, 52, chairman of Yen Thuong village, said in an interview with VNA that the crash killed seven villagers including the house owner and his son, and one person was injured. He added that other members of the crew might have been either blown up when the plane exploded or trapped in the cockpit. If we had found them we would have buried them according to the Vietnamese funeral rites", he added. Addressing a brief ceremony held at the crash site before excavation began, Nguyen Van Thanh said: "For our part, the local authorities, we will do everything possible to facilitate the work of specialists of the two countries".

This is the first time Vietnam and the United States conducted a joint excavation of remains of Americans missing in the war. The 12-member U.S. team led by Colonel Joe B. Harvey, director of the Central Identification Laboratory in Hawaii, has brought with it tons of technical means and equipments including a multipurpose excavator. The American specialists have determined that the nearest section of the plane carcass is 15 feet from the ground.

Speaking to newsmen, Tran Hoan, head of the North American Department of the Vietnamese Foreign Ministry, said this is a new measure and a new effort on both sides aimed at accelerating the search for Americans missing in the Vietnam war. Tran Hoan stressed: "This is significant because it means that Vietnam and the United States can cooperate in peace and that it is necessary for the two countries to cooperate to bring about peace and stability in Southeast Asia". On behalf of the U.S. Government, Colonel Joe B. Harvey thanked that Vietnamese Government and people for their humane policy and goodwill in the M.I.A. issue.

EVACUATION OF U.S. AIRCRAFT CRASH SITE COMPLETED

OW041633 Hanoi VNA in English 1607 GMT 4 Dec 85

[Text] Hanoi VNA Dec. 4 -- The joint Vietnamese-U.S. excavation at a U.S. aircraft crash site in Yen Thuong village, Gia Lam District on the outskirts of Hanoi completed today. [sentence as received] Pieces of the remains of the downed pilots, and their personal effect together with debris of a B-52 bomber were unearthed.

This is the first time the Vietnamese and U.S. sides cooperated in carrying out an excavation of a U.S. aircraft crash site in Vietnam. The excavation was started on Nov. 19 following a plenary meeting between Vietnamese and U.S. experts on M.I.A. issue on Nov. 14 and 15 as had been agreed upon between the two governments. The U.S. specialists' team to the meeting led by Colonel Joe B. Harvey arrived in Hanoi on Nov. 13.

After the ceremony to close the excavation, a representative of the Vietnam M.I.A. Office also handed over to a representative of the U.S. Government the remains of seven U.S. servicemen and material evidences and information about 14 other cases which were found recently. The U-S. representative expressed his profound thanks for the humane policy and goodwill of the Vietnamese Government and people on the M.I.A. issue. He especially thanked the authorities and people of Yen Thuong village for their cooperation and assistance during the excavation.

HANOI REJECTS THAI CHARGE ON COLONIZATION OF PRK

BK041447 Hanoi International Service in English 1000 GMT 4 Dec 85

[Station Commentary]

[Text] In an interview by a Japanese journalist over Radio Beijing on 9 November, Mr Prasong Sunsiri, general secretary of the Thai National Security Council, claimed that Vietnam is stepping up the Vietnamization of Kampuchea. By way of justification, he put the number of Vietnamese settlers in Kampuchea at about 500,000, including 180,000 army-men.

This charge is nothing new, but a discordant note in the anti-Vietnam chorus. It is aimed at discrediting Vietnam in the world. What do the Kampucheans suffer from the Vietnamization of Kampuchea policy? Is it the complete overthrow of the genocidal Pol Pot clique, notorious for murdering 3 million compatriots during their 3 years in power, or is it the rescue of millions of Kampuchean survivors from the killing fields so that they can lead a normal life as other human beings on this planet? So, by what means has Vietnam assimilated Kampuchea? In fact, many Vietnamese Army volunteers have to leave their parents, wives, and children in Vietnam and have fallen on the land of Kampuchea for the revolutionary cause of this nation. Did the Thai official mean to refer to the number of those fallen Vietnamese Army volunteers?

Back from a visit to Kampuchea in July this year, American journalist (Karen Garland) rejected the charge about Vietnamese settlement in Kampuchea as false and groundless. She said the number of Vietnamese Khmers in Kampuchea is now much lower than the figure recorded during the time of Lon Nol. Most of them -- identified as long-time residents in Kampuchea -- have returned to their former places where they were driven away by the Pol Pot clique before 1979.

Vietnam's policy toward the Kampuchea issue is just and clear. Everyone knows that it is none other than China which aided and abetted the Pol Pot butchers to exterminate the Kampuchean nation and has, for more than 6 years now, continued to use the Khmer reactionary forces to oppose the Kampuchean people's revival. The Bangkok authorities, for their part, have provided the Khmer reactionaries with arms and food supplies and even allowed them to use part of Thailand as sanctuary to operate against the young PRK. There is no denying Beijing's and Bangkok's sinister design.

The Vietnamese people are not a bit worried about such slanderous charges of the Thai authorities and other reactionary forces. Realities in the past 6 years are enough to make the world public fully understand Vietnam's correct policy concerning the Kampuchea issue.

Mr (Paul Lemmons), who is studying Vietnam's modern history at an American college, recently wrote a letter to the Vietnamese paper NHAN DAN saying: Vietnam should be praised and warmly welcomed for putting an end to the Pol Pot regime in Kampuchea. Vietnam's effort has saved millions of Kampuchean civilians. Your presence in Kampuchea is aimed at protecting the Kampuchean people against another genocidal scourge caused by the Khmer Rouge. Apart from political significance, Vietnam is a real hero of humanity.

Back from a visit to Kampuchea, an Indian journalist said that the Kampuchean people are deeply grateful to the Vietnamese Army volunteers. Even former U.S. ambassador to Kampuchea Emory Swank, who recently visited Kampuchea, said: All charges about Vietnam's colonialization of Kampuchea are completely groundless. Whatever their charges, the Thai authorities and other reactionary forces cannot distort the situation in Kampuchea and besmear Vietnam.

HANOI CITES NHAN DAN HAILING HA TUYEN VICTORY

BK040254 Hanoi Domestic Service in Vietnamese 0030 GMT 4 Dec 85

[From the review of NHAN DAN for 4 December]

[Text] A big cheer to the army and people of Ha Tuyen Province who, fighting valiantly and resourcefully, have vanquished the Chinese troops, firmly defending the fatherland's border while continuing to develop production.

Recent events in Ha Tuyen have proven that the reactionary nature of the Chinese expansionists and hegemonists has never changed and that their hostile strategy and policy against our people are insidious. Our people wish to restore friendship with the Chinese people. But, concerning the reactionaries among the Chinese ruling circles who pose as revolutionaries, closely collude with the U.S. imperialists, only want to promote confrontation and cause tension, and run counter to the interests of the Chinese people themselves, we are determined to oppose them to the end and never to submit to them. All their acts of land-grabbing are doomed to failure.

We are always on the alert and always carry out two long-term strategic tasks, namely to build and defend the socialist fatherland.

DO MUOI WELCOMES GDR DELEGATION ON ARRIVAL

OW040835 Hanoi VNA in English 0817 GMT 4 Dec 85

[Text] Hanoi VNA Dec 4 -- A party and government delegation of the German Democratic Republic led by Werner Felte, Political Bureau member and secretary of the Socialist Unity Party of Germany (SED) Central Committee, arrived here this morning for an official friendly visit to Vietnam.

The visit was made at the invitation of the Central Committee of the Communist Party of Vietnam and the Council of Ministers.

The delegation was welcomed at the government guest house by Do Muoi, Political Bureau member of the CPV Central Committee and vice chairman of the Council of Ministers; Vu Oanh, member of the C.P.V. C.C. and head of its Agricultural Department; Minister Vo Dong Giang; Do Van Tai, deputy head of the party C.C.'s International Department; Nguyen Di Nien, assistant to the foreign minister, and other senior party and government officials. Ambassador Hermann Schwiesau and other members of the G.D.R. Embassy here were also present.

Right after the guests' arrival, Do Muoi had a cordial talk with Werner Felfe. The welcoming ceremony took place in an atmosphere of fraternal friendship.

CUBAN PARTY-STATE DELEGATION ARRIVES IN HANOI

OW042044 Hanoi VNA in English 1542 GMT 4 Dec 85

[Text] Hanoi VNA Dec. 4 -- A Cuban party and state delegation led by Juan Almeida Bosque, Political Bureau member of the Communist Party of Cuba Central Committee, vice president of the State Council and president of the party CC's National Commission of Control and Revision, arrived here today for an official friendship visit to Vietnam.

The Cuban delegation was warmly welcomed at the government guest house by General Chu Huy Man, Political Bureau member of the Communist Party of Vietnam Central Committee and vice-president of the state council; Vu Quang, member of the C.P.V. Central Committee and head of its International Department; Nguyen Viet Dung, head of the office of the National Assembly and the State Council; Hoang Minh Giam, president of the Presidium of the Vietnam Committee for Solidarity and Friendship With Other Peoples; and Hoang Bich Son, vice foreign minister. Charge d'Affaires A.I. Maria Micaela Ramirez and other members of the Cuban Embassy in Hanoi were also present on the occasion.

NGUYEN DUC TAM RETURNS FROM JAPAN, JCP CONGRESS

BK301635 Hanoi VNA in English 1624 GMT 30 Nov 85

[Text] Hanoi VNA Nov. 30 -- The party delegation led by Nguyen Duc Tam, Political Bureau member and secretary of the Communist Party of Vietnam Central Committee, has returned here after attending the 17th Congress of the Communist Party of Japan. It was welcomed home by Vo Chi Cong, Political Bureau member and secretary of the party CC; Vu Quang, member of the party CC and head of its International Department; Nguyen Khanh, alternate member of the party CC and director of its office; and other senior officials.

NHAN DAN EDITORIAL MARKS LAOS NATIONAL DAY

OW020851 Hanoi VNA in English 0719 GMT 2 Dec 85

[Text] Hanoi VNA Dec. 2 -- "The Lao people's great and all-sided achievements over the past decade affirm the correct and creative leadership of the Lao People's Revolutionary Party headed by esteemed General Secretary Kaysone Phomvihane, and the Lao people's determination to follow the road of socialism", says the national daily NHAN DAN in an editorial today marking Laos's 10th National Day (Dec. 2).

The paper goes on: "The founding of the Lao People's Democratic Republic is a great historic landmark in the continuation of the patriotic tradition of the Lao people united in a heroic and stubborn struggle over nearly half a century under the clear-sighted and glorious leadership of the L.P.R.P., a genuine Marxist-Leninist party. It is also an important gain of the loyal militant solidarity and special relationship between the peoples of Vietnam and Laos, and between the three fraternal peoples on the Indochinese peninsula, and a result of the great international support this great victory has opened a new era for Laos, the era of peace, independence and unification on the road to socialism".

"The Vietnamese people," NHAN DAN says, "greatly admire and rejoice over the big and all-round achievements recorded by the fraternal Lao people in the past decade. These achievements have laid the groundwork for the Lao people to vigorously and further forge ahead in the implementation of the socio-economic objectives as well as in the field of security and national defence set out by the L.P.R.P.'s Third Congress. The Vietnamese people, will be from generation to generation grateful to the Lao party, state and people for their great and wholehearted support and assistance to the Vietnamese revolution. They pledge to do their utmost to strengthen the militant solidarity and comprehensive cooperation between Vietnam and Laos, as well as between Vietnam, Laos and Kampuchea, and make it everlasting in the interests of each country and of peace, friendship, cooperation, national independence and social progress in Southeast Asia and the rest of the world."

LAO PARTY LEADER WRITES ARTICLE FOR NHAN DAN

OW030935 Hanoi VNA in English 0805 GMT 3 Dec 85

[Text] Hanoi VNA December 2 -- Following are excerpts from an article entitled "A Glorious Stage of the Lao Revolution" written for the Vietnamese daily NHAN DAN by Kaysone Phomvihane, general secretary of the Lao People's Revolutionary Party Central Committee and chairman of the Council of Ministers, on the occasion of Laos's 10th National Day:

"...entering the new stage, the Lao revolution is provided with extremely favourable conditions: the Lao People's Revolutionary Party (LPRP), tempered in the flame of struggle, has grown quickly to lead the revolutionary cause to new victories; the Lao people, closely united, are determined to overcome all difficulties and build a bright future, all the three fraternal countries (in Indochina) have regained independence and freedom, are united with one another, are helping, complementing and coordinating with one another in their national construction and defence; the might socialist system with the Soviet Union as the mainstay has been constantly consolidated and developed.

However, the situation in Southeast Asia and the world over the past ten years has become extremely tense and complicated. Expansionism in collusion with U.S. imperialism and other reactionary forces in the region is frantically opposing the revolution of the three countries on the Indochinese peninsula in an attempt to materialize its expansionist ambitions. The U.S. imperialists have returned to the region with the help of the expansionists and are pursuing a policy of containment and sabotage with a view to weakening Laos, Vietnam and Kampuchea, checking the revolutionary trend and keeping other countries in the region under their sway. Once again, the earnest aspiration of the Vietnamese, Lao and Kampuchean peoples to work in peace in order to heal the wounds of war and rebuild their countries is facing a serious challenge.

On the other hand, the Lao economy which remains poor and backward has been heavily devastated by war; thousands of district towns and hamlets have to be rebuilt, hundreds of thousands of people who were herded into concentration camps of the U.S. imperialists and the puppet administration must be helped to settle to a stable life and the economy in the newly liberated areas which was totally dependent on the imperialists and foreign countries has to be completely transformed. In such conditions, the struggle for national defence and socialist construction in Laos over the past decade has taken place in an extremely fierce and complicated manner.

"...the Lao people and Army, under the correct strategic and tactical directions of the party, have taken the initiative in attacking the enemy, militarily, politically and diplomatically, differentiated them and checked the adventures of the direct and most dangerous enemy, thus foiling part by part their plan of sabotaging the Lao revolution. Their scheme of strangling the Lao People's Democratic Republic has come a cropper and the U.S. imperialists' post-war plan has also gone awry. All the expansionist forces and their puppets have been swept out of Laos. All their schemes of fomenting rebellions and social disturbances and hundreds of provocations and border-grabbing attacks of which the most striking was the illegal occupation of the three Lao hamlets in Sayaboury Province by the ultra-rightists within the Thai ruling circles have been smashed by the Lao people and Army.

"...with its own efforts, the Lao People's Revolutionary Party has within ten years doubled its membership compared with 1976. The number of leading members from the district level upward has increased by four-fold, and that of science workers and technicians by six-fold. Longstanding and new cadres have closely and fruitfully cooperated. The increase of the contingent of cadres, both in quantity and quality, is an extremely important achievement of Laos in the past decade, which has greatly contributed to building the Lao People's Revolutionary Party in all fields, making it worthy of its role as the organizer and leader of all victories of the Lao revolution.

"Looking back at the past ten years, the Lao people are proud of having overcome many difficulties and trials in the initial stage of the period of transition of socialism, of having built up their force in all fields, and created a number of important prerequisites, political, economic and social for their firm advance on the path they have chosen..."

BRIEFS

SUPPORT FOR BINH TRI THIEN -- Hanoi VNA Dec 4 -- A performance of Vietnamese martial arts was recently arranged in Aubervilliers, on the outskirts of Paris, by the League of Vietnamese Martial Arts, the France-Vietnam Friendship Association and the local authorities to raise funds for the flood and typhoon victims in Binh Tri Thien Province, Central Vietnam. Vietnamese Ambassador to France Ha Van Lau and Charles Fourniau, secretary general of the France-Vietnam Friendship Association, were present on the occasion. Speaking on this occasion, Mayor Jack Ralite highly appraised the Vietnamese people's heroic struggle for national salvation and exalted the friendship between the Vietnamese and French peoples. [Text] [Hanoi VNA in English 1545 GMT 4 Dec 85 OW]

LAUREL COMMENTS ON OPPOSITION UNITY

HK040819 Manila TIMES JOURNAL in English 3 Dec 85 pp 1, 2

[By Catalino Makabenta]

[Excerpts] Former Sen. Salvador H. Laurel of the United Nationalist Democratic Organization [Unido] confirmed yesterday that he and Mrs. Corazon C. Aquino of the Laban ng Bayan coalition have agreed to join forces and field a common ticket in the Feb. 7 snap election. "I may head the ticket or Cory may head it," Laurel told local and foreign newsmen in an interview at the Laurel law office at the Philippine Banking Corp. in Makati.

Under the arrangement, if Laurel is the presidential standard bearer, Mrs. Aquino automatically becomes his vice presidential running mate, and vice versa. Mrs. Aquino, who has been drafted by Laban ng Bayan as its presidential candidate, has scheduled a press conference at 11 a.m. today to announce whether or not she will run for the presidency in the snap election. Laurel said that he and Mrs. Aquino have agreed that "our common enemy is Marcos, that unity is the key to toppling the Marcos regime, that therefore we should join forces." Asked whether the question of who will head the ticket would not prejudice the union of forces, Laurel answered: "As of now, that's the way it looks." Laurel described the situation as "very complicated and fluid." "It changes everyday. You have to play guerrilla style," he said.

The Unido chief would not give clearcut answers to questions on details of the agreement he had reached with Mrs. Aquino for fear of giving what he called "leads" to President Marcos. "Marcos is listening all around. He wants to hear what Cory and I are talking about; that's why he wants to postpone his convention (KBL) to Dec. 11." The ruling party's convention has been set for Dec. 7. He said he believed that Mr. Marcos would make changes in the KBL ticket depending on the composition of the opposition ticket.

Laurel expressed confidence that the jockeying between him and Mrs. Aquino for the No. 1 slot in the common opposition ticket would abort the merger as their negotiations on the union of forces have already reached an "advanced state." He said the calling of the snap election accelerated the merger of his political bloc and the coalition backing the Cory Aquino for President Movement. Laurel made it clear that the agreement on a union of forces is subject to the "conformity of our leaders." He said the agreement can be formalized after the opposition convention tentatively set for Dec 9 by the National Unification Committee [NUC] "or even during the campaign."

Until the agreement on a union of forces is finally adopted, Laurel said he and Mrs. Aquino will have to file separate certificates of candidacy for the presidency on or before Dec 11, the deadline for the filing of such certificates by individual candidates.

In line with the opposition plan to keep the composition of its common ticket under wraps until the last minute, Laurel and Mrs. Aquino will field separate tickets with their own vice presidential running mates. "There's nothing that will prevent Cory from filing her certificate of candidacy for vice president if my vice president withdraws," Laurel said. Laurel said that under the law, the deadline for political parties to file their official nominations is Dec. 21. The law also allows political parties to replace a candidate who withdraws from the official ticket, he added.

Asked why the opposition appeared bent on disregarding the traditional practice of balancing a national ticket by drafting a vice presidential candidate from the south when the standard bearer is from the north, Laurel said the present circumstances justify an arrangement in which both candidates are from Luzon. "These are not normal times," he said.

NUC CHAIRMAN URGES UNIFIED PRESIDENTIAL TICKET

HK040811 Quezon City Maharlika Broadcasting System in English 0400 GMT 4 Dec

[Text] National Unification Committee [NUC] chairman Francisco SOC Rodrigo says he will continue his mediation efforts to ensure there will be only one candidate for president of the opposition groups. Rodrigo expressed concern that unless his efforts succeed, the possibility looms that the opposition groups may have more than one candidate for president in the 1986 election.

[Begin Rodrigo recording] [Words indistinct] realized that it is not to the advantage of the opposition to have two candidates for president. And so I am sure that they will come together, as they have been talking. I am sure that they will continue talking and I feel confident that they will arrive at a formula whereby there will only be one ticket. [end recording]

Meanwhile, lawyer Raul Gonzales has deplored Mrs Cory Aquino's unilateral announcement of her candidacy for president. Gonzales said the announcement virtually bypassed the selective process as laid down by the NUC.

[Gonzales recording indistinct]

COMELEC TO SET GUIDELINES FOR USE OF MEDIA

HK050449 Quezon City Maharlika Broadcasting System in English 0400 GMT 5 Dec 85

[Text] The Comelec [Commission on Elections] will come up shortly with the guidelines on the use of radio, television and newspapers by candidates in the special election. The guidelines will ensure that all candidates are given equal opportunity of access to media in the election campaign. At the same time Comelec Chairman Victorino Savellano appealed anew to media to be fair and objective in their reporting of events relating to the election.

Meantime, Comelec commissioner Froilan Bacungan said there are five reasons why there is assurance that the coming polls will be clean.

[Begin Bacungan recording] Number one, there is already a good law; There are so many things right in that law. Number two, you will note that the politicians will probably raise the level of their compliance with this law. Number three, there is the commitment made by the president that he will use his awesome powers as president for free, orderly and honest elections. Number four, you will find that there are so many citizens groups already volunteering to help the Commission on Elections ensure free, orderly and honest elections. And of course, number five, the Comelec is now determined to do its constitutional duty to ensure free, orderly and honest elections. [end recording]

Deadline Extended

HK040925 Quezon City Maharlika Broadcasting System in English 0800 GMT 4 Dec 85

[Text] The Comelec [Commission on Elections] has extended the date for the accreditation of the dominant opposition party. Comelec Chairman Victorino Savellano said the poll body had to extend the date because no opposition group or political party has filed an application for accreditation with the Comelec. The accreditation of the dominant opposition party was supposed to be (agreed on) yesterday.

Under the provisions of the new election code, the Comelec shall accredit the dominant opposition party not later than 14 working days before the first registration date.

14 KBL VICE PRESIDENTIAL HOPEFULS NAMED

HK021003 Manila BULLETIN TODAY in English 1 Dec 85 p 1, 17

[By C. Valmorla Jr]

[Text] President Marcos is expected to name his running mate at the last minute of Dec 11, which has been set by law as deadline for the filing of a sworn statement of candidacy for the Feb 7, 1986, "snap" election. He is likely to draw his choice from a pool of 14 political standouts who now constitute the second echelon leadership in the ruling Kilusang Bagong Lipunan (KBL).

The President has been given by the KBL caucus a mandate to select his running mate. This mandate is expected to be reiterated by the KBL convention scheduled Dec 7. He has established his criteria for the choice of a running mate. The choice "must contribute a certain prestige to the ticket and must be an able and credible successor, if anything happens to the President," he said.

The acknowledged frontrunners from Luzon are Labor Minister and Member of Parliament Blas F. Ople of Bulacan; Defense Minister and MP Juan Ponce Enrile of Cagayan; Ambassador Eduardo Cojuangco of Tarlac who has established residence in Negros Occidental for the past five years; MP Arturo M. Tolentino of Manila, and Prime Minister Cesar E. A. Virata of Cavite. From Mindanao, the names prominently mentioned are MPs Alejandro Almendras of Davao del Sur and Maneul Garcia of Davao City, and Lanao del Sur Gov Ali Dimaporo. Contenders from the Visayas include Deputy Prime Minister Jose A. Rono of Samar; Speaker Nicanor Ynigues of Southern Leyte; Negros Oriental Gov Lorenzo Teves; Cebu Gov Eduardo Gullas; and former Chief Justice Felix Makasiar of Negros Oriental.

The entire field of vice presidential hopefuls is overshadowed by one name that is not mentioned in the same breath with the rest. This is the First Lady, Human Settlements Minister Imelda R. Marcos, who has repeatedly announced she was not seeking the office but whose devoted followers are known to be launching an "Imelda for Vice President" draft. If the First Lady chooses to contest the post, she will be unopposed. However, party leaders close to the President and the First Lady believe she will reject the draft and the President will discourage it.

The President's final choice of his running mate and official heir apparent will be strongly influenced by the opposition's own slate. If the opposition decides to put up a Luzon-Luzon ticket, the President can easily pick a vice president from Luzon, particularly from the Tagalog region.

If the opposition goes north-south, the President will be expected to counter this with a running mate from the south. Leaders of both parties are usually aware of demographic realities in shaping their strategies beginning with the composition of their presidential slate.

Of the estimated 27 million qualified voters in 1986, about 15,393,000 or 56.54 percent [sentence as published] Metro Manila, Southern Tagalog, and Central Luzon alone constitute 38.8 percent of the national electorate, or 10,590,000 voters. The entire Visayas has 5,734,000 voters, or 21 percent. Mindanao has 6,169,000 or 22.6 percent.

The Luzon heartland formed by Metro Manila and Southern Tagalog, is seen by KBL strategists as the "strategic theater" of the election where the party must effectively control its potential deficits. The KBL proven bailiwicks in Region I and II (Northern Luzon), Region VIII in the Visayas, and Region XII in Mindanao may not offset losses in the heartland regions.

The President's strategists claimed it would be right to draw his running mate from the Luzon heartland regions which are dominantly Tagalog speaking. It was argued that potential vice presidential candidates from the party's bailiwicks may not add to the president's strength since "they will vote for him anyway." It was for this reason that a running mate from the Tagalog regions may help the President control potential losses in Metro Manila, Southern Tagalog, and Central Luzon.

A strategic analysis advanced by Deputy Prime Minister Jose A. Rono, a KBL strategist, favors three aspirants from the Tagalog regions -- Ople, Virata, and Tolentino. Enrile appeared to have ruled himself out because the geographic location has put him in the deep north. Cojuangco's role in several industries may render his bid "untimely." Virata, who may have earned the No. 2 post through his long and dedicated service to the president and the government, may not have the party's support. Tolentino, who was once quoted as saying the Marcoses were the "root of all evils" in contemporary politics, may have disqualified himself by his "consistent intransigences." Ople is known within his own party for his independence of mind and the courage of his convictions, which impelled him to submit his resignation three times within a single year. He is known to be deeply loyal to the president with whom he has been associated in several capacities since 1964. The labor minister is also known to command the respect of workers and employers, as well as of the international community. He was the first and only Filipino elected president of the International Labor Conference in Geneva, Switzerland.

Since the First Lady and Rono, who has at his command the most effective campaign and information network throughout the land from provincial down to the barangay levels, do not appear keen on getting the nominations, KBL leaders to favour either a Marcos-Ople or Marcos-Tolentino ticket. Party leaders stressed, however, this can only be possible if the KBL decides to set aside the traditional geographic consideration in the choice of a vice presidential candidate.

Meanwhile, Pangasinan Gov. Aguedo F. Agbayani clarified a news story about his reinstatement as KBL provincial chairman. Agbayani cited a telegram he received from Director Palmarin Tomas of the Ministry of Local Governments (MLG) that a party rule provides that the "provincial, city or municipal chairman shall be the governor or mayor, as the case may be unless changed by the central committee and approved by the President."

SECURITY PROVIDED FOR JUSTICES IN AQUINO CASE

HK040845 Manila METRO MANILA TIMES in English 3 Dec 85 pp 1, 5

[By Bobby Coles]

[Text] A special security detail was formed yesterday to secure the Sandiganbayan and all the justices who tried the Aquino-Galman case. The security personnel were pulled out from various military and police units to augment the security force at the Executive House building composed of Philippine Marines.

Sources at the general headquarters of the Western Police District told the METRO MANILA TIMES that the justices headed by Presiding Justice Manuel Pamaran had asked for police escorts. The assignment of the security detail to the Executive House was made following intelligence reports that militant groups were planning to hold indignation rallies and authorities feared that vandals might take advantage of the situation and destroy government properties at the Executive House building, particularly those belonging to the Sandiganbayan.

Early yesterday afternoon, police intelligence personnel were fielded in various parts of the city to monitor the activities of militant groups who were against the Sandigan decision clearing all the accused in the Aquino-Galman murder.

Meanwhile, the Friends of Political Prisoners Committee (FPPC) yesterday sponsored an "ugnayan" to foster strong solidarity and solicit public support for their campaign for the release of all political prisoners. The affair was held at the Pope Pius Center in Paco and attended by 150 relatives of political prisoners from the Bicol region, Southern Tagalog, Northern and Central Luzon and Metro Manila.

In its manifesto distributed to newsmen, the organization asked President Marcos to release all political prisoners because, it said, the continued detention of political prisoners only served to deepen the political division between the people and the government. FPPC claimed that of the 124 political prisoners under detention, 15 had court orders for their release, eight were still detained without charges and six were suffering from serious ailments. Most of the political prisoners are being detained in various military installations in the Metropolitan area.

COLUMNIST NOTES INFLUENCES ON SANDIGANBAYAN

HK040938 Manila BUSINESS DAY in English 3 Dec 85 pp 4, 5

["My Cup of Tea" column by Ninez Cacho-Olivares: "The Verdict"]

[Text] It is all over. All the accused in the Aquino-Galman double murder case have been found innocent of the murder of former senator Benigno Aquino Jr, Ferdinand's political foe. With the verdict handed down, there is no longer anything to stop General Fabian Ver from cutting short his extended vacation and assuming office again. General Luther Custodio and his Avsecom [Aviation Security Command] men can now roam around freely and nothing can stop them from doing so. A court of law has given its verdict, a verdict that has made them free men.

There was no doubt in the minds of many that the Sandiganbayan would hand a decision that would acquit all the accused. There was very little doubt too that anyone would be convicted for the murder of Rolando Galman, now legally and officially tagged as Aquino's assassin. But why was the Sandiganbayan decision predictable? Why did many perceive that all the accused would be acquitted?

Ferdinand and his government helped greatly in shaping the perceptions of the Filipinos. Barely a day after the assassination, even before the investigation was finished, Ferdinand already absolved the military of any wrongdoing. It will be recalled that he said early enough that if a soldier, of even the lowest rank, was involved in the assassination, he would have known about it. The logic goes thus: Since the commander-in-chief and President was not aware of the involvement of even the lowest ranking soldier in the assassination plot, the military could not have committed the dastardly deed. Only the communists and subversive elements could, not the military.

Ferdinand is the President of this nation. He is constitutionally designated as the commander-in-chief of the Armed Forces of the Philippines. But even as President and commander-in-chief, Ferdinand Marcos had no right to prejudge the case that had not even been submitted to the court. He should not even have ventured an opinion at all, whether as an individual, an elected leader or as the commander-in-chief.

But why should Ferdinand be more circumspect with his pronouncements? The answer is simple. Whatever he says, credible or not, carries weight. Whatever he says can influence the decision of many, if not all, administration men. Thus, when he gives his opinion on an ongoing legal case, even if utterly ludicrous, there can be nothing but embarrassment for him if, in the remotest possibility, the court's decision does not reflect his theory. As he has said early enough, the military could not have been involved, otherwise he would have known about it. If, for instance, the court convicted even just one soldier, how would that make him look? A commander-in-chief who does not know what is going on in his army? A president who had been fed the wrong information about the communists' plans and programs?

On the other hand, the courts of law, from the highest to the lowest, are generally perceived by many Filipinos as being utterly subservient to the executive power. Ferdinand and the courts helped immensely in lending credence to this impression. In the Supreme Court, Ferdinand's actions, though commonly regarded as going against constitutionally guaranteed provision, are generally upheld by the high court, no matter how brilliant and irrefutable the opposing legal arguments are, thereby forcing the justices to give bizarre explanations and justifications. In the case involving Gen Ver, the high court leaned heavily on due process and the alleged violation of Ver's rights, like his right to a speedy trial and his right to remain silent. This is of course a good thing for the high court to invoke. However, records will show that the high court is not consistent. It is quick to recognize and champion the constitutional rights of important personalities but it hems and haws over similar cases involving ordinary citizens. When justice favors the powerful and select, what happens to a people's faith and confidence in the judiciary? Would the Sandiganbayan, or the high court have taken under urgent consideration the right to a speedy trial if it had not been the military personnel who stood accused?

The acquittal by the Sandiganbayan has not changed perceptions. But can the people be blamed for having this perception? Courts are expected to be staffed by men with probity, independence of mind and integrity. Their actions should reflect such traits, and yet what have we witnessed so far? We have seen the Tanodbayan treading softly, as if on dangerous grounds. The prosecutors appeared to be no longer interested in prosecuting the case. Not much effort was exerted to include Ver's testimony. Not much effort was exerted to bring in other witnesses who, the reports said, were willing to testify. Some justices were accused of note-passing. Delicadeza required the justices to at least inhibit themselves from hearing the case. But no, they kept on. And didn't it appear as though the Sandiganbayan was in such a hurry to hand down the decision? All seemed to have been in a state of reverential fear. Would the justices have decided on another case with as much haste as they appeared to have done in the Aquino-Galman double murder case?

The trial of the century is over. Ferdinand's theory has been predictably upheld. The military has been absolved of any participation in the assassination. The verdict has been given. The accused have been set free. There should be rejoicing in this land since the rule of law was upheld. Is the nation rejoicing? Was justice done? But who were really on trial? The soldiers? The government? The very system of justice? If so, what is the true verdict? Has the verdict been found wanting?

VER CARRYING OUT ARMED FORCES REVAMP

HK041207 Manila Far East Broadcasting Company in Tagalog 1000 GMT 4 Dec 85

[All figures as heard]

[Text] Armed Forces chief General Fabian Ver is carrying out the revamp of the Armed Forces, which has affected 46 high-ranking officers. Ver announced that President Marcos has approved the release of 280 million pesos for additional payments and allowances to various military personnel and retirees. Those affected by the reshuffle are 20 provincial commanders, 10 battalion commanders, 5 army brigade commanders, 3 wing commanders of the Air Force, 3 Metrodiscom [Metropolitan District Command] commanders, 2 task force commanders and 4 other high-ranking officers.

BIOGRAPHICAL SKETCH OF NEW NAVY COMMANDER

HK040922 Manila BULLETIN TODAY in English 3 Dec 85 pp 1, 14

[By Isidro M. Roman]

[Text] Commodore Brillante Ochoco was appointed yesterday as the new flag officer in command of the Philippine Navy in place of Rear Admiral Simeon M. Alejandro. The appointment was announced by Gen. Fabian C. Ver upon his resumption to office as Armed Forces chief of staff after his acquittal by the Sandiganbayan on the Aquino case.

It was gathered that Alejandro, who was retired by President Marcos, would be named customs commissioner to replace Brig. Gen. Ramon J. Farolan who would be recalled to the Philippine Air Force (PAF), his mother unit.

Ver also said that major changes in the Armed Forces will be announced in a couple of days. The revamp in the military will include field commanders and key positions in the Major services and the AFP [Armed Forces of the Philippines] general headquarters.

Prior to his appointment as Navy chief, Ochoco was the commander of the Philippine Coast Guard and vice commander of the Navy. A member of the Philippine Military Academy Class '55, Ochoco graduated in the top ten of his class. He is a two-time recipient of the Philippine Military Academy Alumni Association (PMAAA) award, the highest given by the PMAAA to its alumni. Ochoco has also received several awards and commendations, among which are the service star and achievement award given by the Navy. A holder of a doctorate in business management, Ochoco trained abroad in strategic intelligence and research as well as the naval staff course at the Royal Naval Staff College in England. Born in Naguilian, La Union, Ochoco is married to the former Estelita Subido with whom he has six children.

NEW INVESTMENTS, CAPITAL EXPANSION INCREASE

HK010312 Manila PHILIPPINES DAILY EXPRESS in English 29 Nov 85 p 9

[By Raul Marcelo]

[Text] Fresh equity investments in 4,476 new companies during the first ten months of this year have reached P1.841 billion, or 81.1 percent more than the P1.017 billion infused during the same period last year, the Securities and Exchange Commission (SEC) reported yesterday. Likewise, the SEC said that additional investments placed in 512 existing corporations during the period rose by 88.6 percent to P3.818 billion from last year's P2.024 billion. The combined foreign direct investments in new and existing firms during the period also jumped to P1.448 billion, or 3.2 times the P448 million invested during the same period last year, the SEC said. However, it noted that capital withdrawn during the period through the dissolution of 139 companies and the reduction in capital of six firms amounted to P2.06 billion compared to only P318.4 million last year.

For the month of October, the SEC said that 501 new companies were put up with an initial capital of P231.5 million, which was 98.5 percent more than the P116.6 million recorded in October last year. The SEC said that another 64 firms increased their capital by P472.7 million during the month, or a five-fold increase from the October 1984 level of only P88.4 million.

Fresh investment during the month, the SEC said, was boosted by the setting up of three big wheat trading companies with an initial capital of P25 million each. The biggest capital expansion during the period, on the other hand, was the P341.4 million additional equity of the Philippine Communications Satellite Corp., the SEC said.

Foreign Investments Rise

HK021057 Manila TIMES JOURNAL in English 30 Nov 85 p 7

[Text] Foreign investments jumped 320 per cent to P1.45 billion in the past 10 months from only P448 million during the same period last year. Of the total amount of foreign investments, P48.4 million was pumped into new domestic entities while additional foreign equity to existing local firms was recorded at P1.4 billion. However, foreign capital in new and existing domestic stock corporations dropped 87.8 per cent, from P142 million in September to only P17.3 million in October. Last month's level still posted an advantage of 16.9 per cent from the P14.9 million in the same month last year.

The Securities and Exchange Commission (SEC) attributed the drastic drop in foreign capital last month to the low equity contributions in nine existing firms amounting to only P10.6 million and to the withdrawal of foreign investments from two large domestic entities such as Carnation Phils., Inc., and Fil-Mosaic Corp. Carnation, an American firm capitalized at P30.9 million, was dissolved and then merged with Filpro, Inc. Fil-Mosaic, which had P7.2 million Japanese equity, was merged with Fil-Hispano Ceramics.

Foreign equity contributions in nine existing domestic stock entities last month amounting to P10.6 million were mainly channeled to the manufacturing sector, absorbing P9.9 million or 93.4 per cent of the total foreign capital increases.

The heaviest capital infusion amounting to P6.8 million was made by APV Bell Bryant Manufacturing Corp. which was made through the offset of the firm's liabilities to its parent company, APV Asia Pacific Ltd., an Australian company. The British accounted for the bulk of investments amounting to P2.3 million or 34.3 per cent of the total foreign equity in domestic firms last month.

VIRATA DISCUSSES AVAILABILITY OF FUNDS, GNP

HK021041 Manila BULLETIN TODAY in English 1 Dec 85 p 25

[Text] The government believes it has laid down the foundations for economic growth during the last two years of crisis management and stabilization program. It expects a turnaround in the gross national product (GNP) next year as the economy bottoms out this year with an expected slower decline of between 3-4 percent GNP which is a further deterioration from last year's negative 5.5 percent.

Prime Minister Cesar Virata said the government has now been able to bridge the "resource gap" that was created by the series of events that led to the recession in 1984. He said funds for exports and agriculture are now available, unlike before the International Monetary Fund and the international banking financial package when credit flow to the country was virtually at a standstill. The \$2.9 billion in trade facility and the \$130 million in agricultural loan fund are securely in place available to exporters and entrepreneurs who are willing to take the risks.

Virata said the business sector has been called upon many times to be "less timid" and "be more daring" for them to use these funds for investment. At the same time, he said the series of tax measures adopted by the government would make it more attractive for business to operate especially with the abolition on Jan. 1 of the one percent tax on foreign exchange transaction, the five percent surcharge imports and the 25 percent advance sales tax. He said the government was trying everything to rev up the economy, by undertaking construction projects, and increasing palay procurement.

VIRATA ON SALE OF VIABLE GOVERNMENT CORPORATIONS

HK021015 Manila BULLETIN TODAY in English 30 Nov 85 p 25

[Text] About 60 percent, or 180, of the 300 or so government-owned or controlled corporations are still viable and some of them are candidates for privatization. Prime Minister Cesar Virata disclosed that the proposed privatization of some of these corporations is in line with the declared policy of the government to reduce its role in business, especially in areas where government competes directly with the private sector. He said that a study is now being undertaken by the reorganization commission to segregate those corporations with potentials for rehabilitation and growth from those which are no longer viable. Those firms which are no longer viable would be liquidated or abolished.

Virata said the organization and mechanism for the implementation of the privatization program are now being formulated. He admitted though that selling these government firms to the private sector would not be a "speedy process" because it involves the rehabilitation of the assets before its eventual sale to interested groups in the private sector. "To be able to sell, one must have a saleable commodity which someone else would like to buy at mutually agreed upon prices and terms," Virata stressed.

To help the government undertake the study on the rehabilitation of these acquired assets, it has tapped the International Finance Corporation, an affiliate of the World Bank, as a joint venture partner in a proposed asset management outfit. The asset management group, which is now being set up, will take care of the rehabilitation and disposition of the non-performing assets of government financial institutions and government corporations. Virata said at least 50 major projects would be rehabilitated and possibly modernized by the asset management group.

CENTRAL BANK TO CONTINUE ISSUING TREASURY BILLS

HK010340 Manila BUSINESS DAY in English 29 Nov 85 p 2

[Text] The Central Bank [CB] will continue issuing Treasury [T] and CB bills to prevent the inflationary push the repayment of these short-term government IOUs may create, CB governor Jose B. Fernandez Jr. indicated. "The market for the bills will remain, "the CB governor said. "They can be rolled over as they mature."

Bankers and economists have been worrying that the redemption of the bills -- whose outstanding level is now around P56 billion -- will so expand the money supply that inflation will be rekindled early next year. A major portion of the bills is maturing in the first quarter of next year, since most banks took advantage of the 40 percent yields the bills fetched early last year and locked their funds on these IOUs for a year.

Sources in the Finance Ministry, on the other hand, pointed out that the national government will have to increase its issuances of its short-term bills to fund its budget deficit. The new P13-billion budgetary deficit ceiling recently approved by the International Monetary Fund (IMF) is twice the earlier programmed P 6.2-billion deficit limit. The agreements with the IMF however impose tight limits on the national government's direct borrowings from the CB. To fund the deficits, which cannot be filled by the new tax measures, the government will have to escalate its issuances of its T-bills. Rates for the CB and T-bills (for the two-month bills) have steeply declined in the past several months to 16.5 percent. Bankers said there are indications that the monetary authorities' plans involve a domestic (lending) rate in the vicinity of 15 percent to 20 percent. They noted that the CB governor had pointed out that while the 16.7 percent CB lending rate to banks under the agricultural loan fund (ALF) facility may appear expensive at the moment, it may not be so "when the steep decline in rates levels off."

Savings deposit rates are also not expected to go below their present 9 percent levels. With banks' intermediation costs and spreads totaling to about five to seven percentage points, lending rates could still be pulled down to the 16 percent level. At the moment, secured lending rates are in the 25 percent-27 percent range.

Loan Rate Ceilings Lifted

HK021609 Manila BUSINESS DAY in English 2 Dec 85 p 3

[By Rigoberto D. Tiglao]

[Text] The Monetary Board last Friday lifted the ceilings on banks' lending rates for funds they get from the Central Bank [CB] through its rediscounting windows, a move that marks the final phase of the monetary authorities' program, advocated by the World Bank, to lift all forms of interest rate subsidies.

BUSINESS DAY learned from World Bank documents that the lifting of the ceilings was one of the conditions for the Bank's \$100-million loan to the CB to fund the agricultural loan fund (ALF). The World Bank had also asked the International Monetary Fund (IMF) to insist on the implementation of the measure, agreed upon early this year, as one of the performance criteria for the continuation of its standby credit facility for the Philippines. The Monetary Board's move -- ordered by a still unnumbered circular re-leased by the CB last Friday -- represents a major shift in the monetary policy of the government. The CB's rediscounting funds will no longer be the cheap funds for priority sectors they have been since the 1950's, with their interest rates now to be determined entirely by the market. As a CB press release put it, "the CB rediscounting window has been transformed into a liquidity mechanism rather than (a vehicle for) credit allocation."

This roughly means that the CB has junked its function of channelling cheap funds to priority sectors, leaving this vital economic role entirely to market forces. Its rediscounting windows will now be merely tools for controlling the overall supply of credit in the country, similar to the role the CB's short-term bills played in the last two years.

Since the 1950's, monetary authorities and the country's economic managers had been implementing a policy based on the philosophy that the CB must course credit to selected sectors deemed critical for the economic growth of an underdeveloped country. This was done through the rediscounting windows, through which banks obtained cheap funds from the CB to fund credit to selected industries. For example, the "Green Revolution" during the 1970's was financed through the CB's rediscounting windows for supervised agricultural credit, with rates for this sector pegged at 12 percent when market rates were in the 16 percent-18 percent range.

Sources at the CB said the monetary authorities had decided that the lifting of the bank's ceilings was necessary before the releases of funds through the CB's rediscounting windows could be restored to roughly the levels being released before the financial crisis broke out in 1983. As of end-September, the CB's outstanding rediscounting credits stood at P11.9 billion, an increase of only P471 million from the March level, despite the looser monetary targets the CB had agreed upon with the IMF. The CB's continued tight hold on its rediscounting funds was a major factor that kept the level of reserve money -- which determines total money supply in the country -- at its present P32.6-billion level, despite the fact that the reserve money ceiling for the end of the year agreed upon with the IMF amounts to P39 billion.

With banks still fearful of their liquidity positions because of uncertainties in the political situation, the new CB circular, backed up by the higher reserve money limits for the next few months, is intended to prompt bank financing to business. This is because the banks will in effect be tying down only 20 percent of their funds with borrowers eligible under the rediscounting windows. The CB, even when the financial crisis broke out giving the World Bank and the IMF greater leverage in imposing their views on monetary policy in the country, apparently had been resisting the two international bodies' argument that a subsidy element prevented the financial system from doing its job of efficiently allocating the funds it gets from the public to sectors that are competitive.

CB Circular No. 1063, issued only in May this year and which the new circular revoked, was a "compromise" to the World Bank recommendations. While it tied the rates for the rediscounting credits to the Manila Reference Rate (MRR) -- the CB's measure for determining the banks' cost of funds -- it maintained an element of subsidy for end-users of rediscounting funds. For instance, the circular prescribed that the maximum bank lending rate for rediscounting funds for supervised agricultural loans be kept at the MRR-90 (the MRR for 90-day funds) less two percentage points.

The new CB circular issued Friday junked all such limits on banks' lending rates and fixed the rate the CB will charge the banks at 12.75 percent. With banks' normal spreads of 5 percent-8 percent their lending rates to end-users are expected to be in the 17.75 percent-20.75 percent range, or roughly the bank's rates to prime clients these days.

The loan document for the World Bank's agricultural credit project (which funds the ALF) clearly indicates the Bank's hand in the lifting of the ceilings, particularly in the junking of the MRR concept which the CB had developed about five years ago. In February 1984, the Bank explained in its loan appraisal paper, "the CB generally moved toward rediscounting rates which made the cost of all types of funds provided by the CB to retail banks dependent on the MRR's but it still indirectly regulated the ultimate interest rates by prescribing the spreads to be set by the retail banks on CB-Assisted subloans." "Further, MRRs represented the weighted average interest rate paid by the 10 financial institutions with the largest volume of deposit substitutes on 90-, 180- and 270-day placements. As such, they do not necessarily reflect the subloan interest rates charged by all segments of the banking system on the total loan portfolio," the World Bank said.

CB Undecided on Capitalization

HK010350 Manila BUSINESS DAY in English 29 Nov 85 p 2

[Text] The Central Bank [CB] has still not decided if it will raise the minimum capital requirement for commercial banks. While most bankers believe that the increase is inevitable, they are saying that the CB may be thinking that a capitalization hike is "impractical" at the moment. Bankers are generally against such an increase and they are trying to convince CB governor Jose B. Fernandez Jr. to wait for better business conditions before implementing the plan. The CB's policymaking Monetary Board reportedly discussed the plan during its meeting last Friday, but Fernandez told BUSINESS DAY that "nothing has been decided."

According to talks in banking circles, Fernandez wants to raise the minimum capitalization for all commercial banks to P1 billion from the present P500 million for universal banks and P100 million for ordinary commercial banks. Bankers however pointed out that the CB is reportedly considering an increase in capital requirement for ordinary commercial banks to only P300 million and for universal banks to P1 billion. They said such a distinction would defeat the purpose of the CB plan to force banks to merge or consolidate. Net worths of most commercial banks at present are already over the P300-million mark. Bankers pointed out that the present incentives offered so these banks will aspire to become universal banks are not attractive enough. The only thing a universal bank can do that an ordinary commercial bank cannot do is to own shares in nonfinancial companies.

The World Bank, in fact has recommended in a recent report that the "impact of the reforms initiated in 1980 (the universal banking reforms) should be reviewed in detail to provide specific directions for future financial policy, taking into account the substantially changed medium-term prospects." Bankers said there is wisdom in having bigger banks, which Fernandez wants to create in espousing a CB policy to encourage bank mergers and consolidations. The country's foreign debt problems have virtually taken away its ability to borrow from abroad to finance its development.

Bankers said the only way to finance industrialization is through higher domestic savings, for which banks are the main vehicles. A banking system whose resources are fragmented by what Fernandez calls a "proliferation" of banks, can hardly afford to finance large-scale industrial ventures. Such projects in the past have always relied on foreign loans.

Bankers nevertheless are saying that at the moment, even without the CB requiring them to increase their capitalization, banks are anticipating the need to replenish their capital. As part of the banking reforms Fernandez wants to do banks themselves recommended to the CB to first have the banks write off their bad loans. Banks have to put in additional capital if they are to do this. On the other hand, bankers are claiming that the banking system's capitalization is underutilized with the demand for loans still down. "Putting in additional capital because there is a need to do so, such as to cover writeoffs is one thing, but doing it because the CB requires it is another thing," a banker commented.

Time Running Out for Apex

HK010322 Manila BUSINESS DAY in English 29 Nov 85 p 3

[By Conrado R. Banal III]

[Text] Time is running out on the Central Bank's [CB] Apex fund, a lending program for industries that is supported by a \$150-million credit line from the World Bank and \$100 million in loans from foreign commercial banks. The credit line from the World Bank will be cut by June next year in accordance with one of the agreements reached by the CB and the Bank regarding the Apex program. After June 1986 therefore, the World Bank will no longer entertain loan applications under the program and will only release loans approved prior to this cutoff date.

It is unfortunate -- or even ironic as one banker put it -- that while the Apex fund hardly moved in the past two years when the CB for several months received no loan applications at all, some companies are now looking at the fund for possible financing for their expansion plans. Long and tedious as they are, preparations for these loans will likely go beyond the World Bank cutoff date for loan approvals, bankers said. The recent interest in the Apex fund may be due to the fact that business is now beginning to recover from the past two years' trauma brought about by skyhigh interest rates and a series of peso devaluations. Felix Maramba, president of the Philippine Chamber of Commerce and Industry (PCCI), indicated that business is more confident at present than it was some months ago. Bankers noted that business needs long-term, cheap financing for it to expand. The Apex lending program can provide business with easy loan terms, unlike the \$3-billion trade facility which the country recently obtained from foreign banks. The problem is the CB may only have a slim chance of getting the credit line with the World Bank renewed. CB officials noted that the World Bank normally takes into consideration the performance of a program when it designs a new one or renews an existing one. An official said the Apex program has nothing to show. A World Bank team, in fact, has already told the CB that convincing the Bank's board to renew the Apex credit line would be an uphill climb.

The CB Apex unit has recommended to CB governor Jose B. Fernandez Jr. the cancellation of the credit line from the World Bank. Sources said the unit only wants to maintain about \$165 million for the fund.

With the \$100-million loan from foreign commercial banks already drawn, the Apex unit's recommendation would mean that only \$65 million of the World Bank credit line could be used. The source said the CB has allocated to conduit banks only about \$165 million of the \$250-million Apex fund.

Among the companies planning major expansions are the Philippine Long Distance Telephone Co. (PLDT), which has already sounded out the CB regarding a large loan under the Apex program, and a company engaged in making optic fibers, a substitute for copper wires used in electronics. Bankers said several export-oriented companies have pending applications under the Apex loan program despite the relatively higher rates that the program charges.

The Apex program compared to the other lending facilities of the CB such as the agricultural loan fund (ALF) and the industrial guarantee loan fund (IGLF) is lagging in terms of loan approvals. Sources said only around \$70 million has been committed so far. "The problem is that borrowers under the Apex program are vulnerable to risks of a peso depreciation since borrowings under the fund are denominated in foreign currencies. The program therefore mainly attracts exporting firms which are shielded from peso depreciations because of their dollar earnings. The Apex program offers peso loans to highly selected projects but this needs the special approval of the World Bank. The CB is planning to negotiate with the Bank for a second Apex loan, instead of attempting to renew its present credit line. But the CB wants to change the program terms.

International Reserves Up

HK021545 Manila BULLETIN TODAY in English 2 Dec 85 pp 1, 10

[By Jose De Vera]

[Text] President Marcos said yesterday that Central Bank's [CB] gross international reserves at the end of the third quarter totalled \$1,437 million, up by \$400 million or 38.6 percent higher than the previous quarter. Compared with the level in 1984, the chief executive said the CB reserves went up by 62.2 percent. The President made the announcement on the basis of a quarterly report on the economy submitted to him by CB Gov. Jose B. Fernandez.

Fernandez's report said progress continued to be achieved in key areas of the economy during the third quarter. He reported that the CB dollar reserves improved significantly during the third quarter as a result of the second drawdown of about \$109 million from the standby credit of the International Monetary Fund (IMF), the first drawdown of \$400 million from the new money facility, and additional deposits with the CB in connection with the start of operation of the trade facility.

Fernandez pointed out in his report to the President that the outstanding level of trade credits of \$2,922 million was slightly lower than the committed level of \$2,974 million, of which \$1,272 million has been deposited with the CB. Fernandez also informed the President that the balance-of-payments showed a surplus of \$101 million in the third quarter, making possible the continuance of a fairly stable exchange rate which was recorded at P18,640 per \$1 at end-September. He cited the rapid deceleration of inflation which made possible greater flexibility in the conduct of monetary policy. Fernandez explained that a substantial slowdown was noted in the monthly price movements from 45.3 percent in January to only 12.7 percent in September.

He informed the President that domestic interest rates continued to go down, adding that this development is expected to spur economic activity. As the inflation moderated further, the CB governor explained, interest rates continued to drop during the third quarter. The average lending rate on secured loans dropped by five percentage points to 27.8 percent, Fernandez said. He told the President that "the economy is now at the stage where there are resources available for autonomous renewal and growth."

In connection with efforts to revitalize the economy, Fernandez said "we must continue to regard the fight against inflation as one never fully won." "At the same time, he said, "we recognize that policy developments and changes in our major trading partners require constant review, if we are to develop an appropriate set of exchange policies for our country."

SUGAR MARKETING CORPORATION STILL NOT FINALIZED

HK010304 Manila BUSINESS DAY in English 29 Nov 85 p 3

[By Rigoberto D. Tiglao]

[Text] Business tycoon Eduardo M. Cojuangco Jr's campaign to become the new sugar overlord went into high gear the other day with the presentation by planters and millers, claiming to represent 72 percent of the country's sugar production, of a petition to the Philippine Sugar Commission (Philsucom) to permit Cojuangco to invest P250 million in the Philippine Sugar Marketing Corp. (Philsuma). (Yesterday however Prime Minister Cesar Virata disclosed that Cojuangco has changed his mind and "has withdrawn his offer" to capitalize Philsuma because "of the furor raised over the matter").

The planters, represented by Philippine Sugar Association acting president Ernesto Escaler, also asked Philsucom to make Philsuma the only agency authorized to sell domestic sugar. BUSINESS DAY sources in the sugar industry said the planters' petition, if approved, would result in the establishment of one of the most formidable business institutions in the country. With Cojuangco's control over San Miguel Corporation [SMC] and his links with Pepsi-Cola Bottling Group of the Philippines (whose depository bank is the Cojuangco-controlled United Coconut Planters Bank), there will not only be a monopoly in the sugar industry, represented by the Philsuma, but monopoly since SMC and Pepsi-Cola are the two biggest industrial buyers of sugar in the country. Any group that can control both the demand and supply side for domestic sugar, will be able to dictate whatever price it wants.

Prime Minister Virata -- who in Wednesday's meeting had to respond to the planters' criticism that the government is letting the International Monetary Fund (IMF) determine the country's economic future -- however did not appear to be enthusiastic about the planters' petition. Asked by BUSINESS DAY about his personal view on the Cojuangco proposal, he said: "I don't know. They haven't even given details of the proposal." He also sarcastically told the planters: "What we need is a piece of paper which will show how the profits of the corporation will be divided, who will be gaining from it." Virata as well as Central Bank [CB] governor Jose B. Fernandez Jr. also told the planters that their proposal will have to be cleared with the IMF.

Asked by BUSINESS DAY on whether he agrees with the Cojuangco plan, Philsuma acting chairman Fred Elizalde said: "I can't say anything yet. There are too many variables to consider." He said however that Philsucom will decide on the proposal in a few days.

Philsucom chairman Roberto S. Benedicto said during the meeting that President Marcos is awaiting the commission's recommendations and asked the planters to submit the details of their proposal for the organization of Philsuma. According to the planters' petition, Cojuangco is willing to give P125 million (out of the total P250 million cash he will put up) to the planters as their subscription to the Philsuma. It was not clear however whether the P125 million is a doleout to the planters or a straight loan.

Trade and Industry Minister Roberto V. Ongpin, another Philsucom member, during the meeting also pointed out that the planters' petition should not mean that the remaining planters and millers representing 28 percent of the country's sugar production will not be compelled to sell their sugar to Philsuma. He said that since the proposal will allow 50 percent of the equity of Philsuma to be controlled by a single individual, this problem will have to be negotiated with the IMF.

Although Benedicto told the sugar industry people that he will go along with "whatever will be good for the industry," sources in the industry said he plans to block Cojuangco's campaign. The Philsucom chairman said the National Sugar Trading Corp. (Nasutra) will pay its remaining P600-million debt to the Philippine National Bank (PNB) by Jan. 7. Nasutra's settlement of its debt will allow the PNB to restart sugar financing. Benedicto said Nasutra will ask the CB and the Finance Ministry to provide bridge-financing until the debts are paid so that financing for the 1986-1987 sugar crop can immediately be extended to planters.

Underlying the planters' keen interest in having Philsuma assume the functions of Nasutra as the single buying and selling agency for sugar is their desire to arrest the downward slide in prices which started with the freeing of the trade in the commodity. Sugar now reportedly fetches only P270 per picul. As a virtual monopoly -- and with Cojuangco's links with SMC and Pepsi-Cola which together account for the biggest single chunk of sugar demand in the country -- Philsuma will be able to bid up sugar prices.

BUSINESS DAY learned that Cojuangco in the past several weeks have been holding meetings with sugar millers to convince them into supporting his proposal. He "Sponsored" the planters' meeting with the president last week and reportedly footed the bill for the transport and accommodations of the planters in Manila. He again met with groups of planters early this week in Bacolod.

Virata: Offer Withdrawn

HK010302 Manila BUSINESS DAY in English 29 Nov 85 p 9

[Text] Businessman Eduardo Cojuangco Jr. has withdrawn its offer to provide P250 million for the capitalization of Philippine Sugar Marketing Corp. (PHILSUMA), Prime Minister Cesar Virata said yesterday, adding that the government will form a syndicate of banks to raise the money. Virata said the government will give Philsuma a guarantee for the funding it will get for buying the sugar crop of the current season. He said it is critical that Philsuma start operating now, as sugar milling began Sept. 22 and sugar planters will therefore have to be paid for their produce so they can start planting again. Virata said the government is working out a scheme whereby Philsuma will be given two years to convert its projected obligations to the syndicate of banks into equity.

Virata said Cojuangco had made the offer on the condition that his group get a 50 percent share of the new sugar marketing agency.

He said that last Wednesday, during the board meeting of the Philippine Sugar Commission (Philsucom), Ernesto O. Escaler representing the Cojuangco group formally informed the board of Cojuangco's offer. Upon reconfirmation, however, Escaler told the Philsucom board that Cojuangco had changed his mind and was "withdrawing his offer." Virata said that perhaps, as a result of the furor raised over his plans in the sugar industry, Cojuangco "decided not to offer anymore the P250 million."

Virata said the previous plan of raising capital for Philsuma from the quedan of sugar planters -- with every quedan equivalent to P2 would have provided up to P62 million only, much less than was needed to put Philsuma together. It was for this reason, Virata said, that the Cojuangco group offered the P250-million funding for Philsuma.

Virata said the main concern is to raise enough funds for Philsuma. He said "anybody that can raise the money will be able to control the trading" of sugar for export. Cojuangco had been making overtures to get a controlling position in the sugar industry since midyear, after Philsuma was conceived to replace National Sugar Trading Corp.

BUSINESS DAY sources said Cojuangco had "sponsored" an audience of some 500 sugar planters with President Marcos last week, supposedly to push his proposal to fund Philsuma. Cojuangco reiterated his proposal, during the meeting but the president told him that his proposal would have to be ironed out with the International Monetary Fund. The IMF and the World Bank have been demanding a dismantling of monopolies in the sugar and coconut industries.

Virata: Nasutra Audited

HK010308 Manila BUSINESS DAY in English 29 Nov 85 p 15

[Text] Prime Minister Cesar Virata yesterday said the national government is closely auditing the National Sugar Trading Corporation [Nasutra] the marketing arm of the sugar industry, and would set up adequate controls to preserve warehouse receipts on sugar storage. Virata also said studies are currently being conducted by the government in which the Central Bank could provide assistance to the distressed sugar industry.

Virata, currently finance minister, said the government would organize syndicated operations with banks that have had exposure to the sugar industry like those that have lent money to the Philsucom and that another agency may be set up to guarantee availability of loans by sugar millers or producers. Virata earlier said that the volume of sugar production this year would just be around 1.6 million tons and would decline to just 1.5 million tons next year.

Sugar production is made largely to meet domestic demands. About 1.3 million tons of sugar are produced for domestic consumption annually.

But with the production of ethanol, an alternative source of fuel for cars, there is a possibility that sugar production would be increased to 1.9 million tons, Virata said.

U.S. Financing Sought

HK021011 Manila BULLETIN TODAY in English 30 Nov 85 p 25

[Text] U.S. banks are expected to be tapped to provide financing to the proposed Philippine Sugar Marketing Corp. (Philsuma) to enable the country to meet its U.S. export quota this year, industry sources said yesterday. Philsuma, which is planned to have monopoly powers over the sugar export trade, can easily avail of "red clause" financing from U.S. banks because it already has an assured market with stable prices.

Under the "red clause" financing scheme, Philsuma can draw 80 percent of the total market value of the sugar export shipment upon opening of letter of credit at interest rates just slightly over the U.S. prime rate. Upon shipment of the sugar, the exporter can draw an additional 15 percent with the remaining balance of five percent to be liquidated upon discharge of the sugar in the U.S. ports. The scheme, it was pointed out, will be adequate to finance the purchase of sugar for export to the United States estimated at just over 200,000 metric tons annually. However, Philsuma's problem is expected to lie in the purchase of domestic sugar and in ensuring that sugar planters get the committed government price of P300 per picul. Part of Philsuma's game plan is to borrow from a syndicate of banks to finance its equity so that it could venture into the domestic sugar trade to keep prices stable.

Sources doubted however if the commercial banking system, which is already saddled with non-performing accounts, would be in a position to support Philsuma. Except for government and a handful of private banks, most commercial banks have generally shied away from extending sugar loans.

6 Banks To Finance Philsuma

HK021531 Manila BULLETIN TODAY in English 2 Dec 85 p 21

[By Jun Concepcion]

[Text] A syndicate of six commercial banks has agreed to extend a P240-million loan to the Philippine Sugar Marketing Corp (Philsuma) to finance its start-up capital, according to Prime Minister Cesar Virata. Virata said that the loan from the six banks will be fully guaranteed by the government and secured by liens on sugar quedans. However, the identities of the banks involved in the loan syndication were not disclosed by Virata. Each bank contributed P40 million. Virata said the banks were mostly engaged in sugar financing in the past.

According to Virata, there is really a necessity to start up the operations of Philsuma because sugar exports to the United States will have to be done in the name of Philsuma. Virata disclosed that the first shipment to the United States of 210,000 metric tons of sugar scheduled for this month will have to be made in the name of Philsuma. This shipment, he said, should arrive in the United States by next January. Philsuma will replace the state-owned National Sugar Trading Corp. (Nasutra) as sole marketing agency for sugar exports and domestic sugar. Nasutra will be phased out by the end of the year.

The Philippines may forfeit pending sugar shipments of about 210,000 metric tons to the United States under its sugar quota allotment if the volume is not shipped out by the end of this month, a government official disclosed late last week.

He said the Philippine Sugar Marketing Corporation (Philsuma) has to be put into operation immediately so it can take charge of shipping out the remaining sugar that has to be exported by the Philippines under the US quota. He said Philsuma chairman Fred Elizalde was charged with the preparation of the draft incorporation papers of Philsuma and its registration with the Securities and Exchange Commission. Application for loans with banks will then be filed to raise the initial paid-up capital of P250 million. Every planter will then be asked to commit on a pro-rate basis his sugar production to back up the loan to be obtained by Philsuma at commercial rates, he said.

Prime Minister Virata told newsmen Friday night that Philsuma has already raised P240 million loans from six banks. The loans, he said, will be fully guaranteed by the government.

He said that Philsuma hopes to ship out to the United States 210,000 metric tons of sugar sometime this month so that it will reach its destination by early January next year. Completing the export shipment of sugar to the United States under its quota system is deemed very important to the industry as the United States pays 19 cents to 20 cents per pound as against prevailing world price of only about three cents a pound.

COCONUT REPLANTING OPENED TO FOREIGNERS

HK021023 Manila BULLETIN TODAY in English 1 Dec 85 p 26

[Text] Foreign companies can invest in the setting up of coconut plantations in the country to accelerate the industry's replanting program, Philippine Coconut Authority [PCA] Chairman Rolando de la Cuesta said last week. He said the equity participation of foreign firms which plan to invest in local plantations would be determined according to Board of Investments laws covering the entry into the country of foreign investments.

Exporters of coconut products will also be encouraged now to set up their own plantations through a set of liberal incentives under PD (Presidential Decree) 1997 and Executive Order [EO] 1064, he said. But coconut exporters will have to advance their own money to finance the planting or replanting program that they will undertake, he said. These investors will then be given tax rebates or credits corresponding to the extent of the amounts actually spent and invested for the replanting or planting program as verified by the PCA to be in accordance with the approved farm development plan. Under EO 1064, any person or entity other than an exporter of coconut products which spends and invests in an approved replanting project or program shall be granted a tax credit with a face value equal to its actual investment.

De la Cuesta said acceleration of the replanting program is necessary as a large portion of the country's coconut trees are already old and senile. Significantly boosting the country's coconut production will also enable the industry to become an adequate, reliable and continuous supplier of coconut products, he said. This is the only way, according to him, to stabilize the prices in the export market of various coconut products.

De la Cuesta said PCA would not resort to any foreign borrowings to finance the accelerated replanting program but will rely heavily on revenues collected from the basic export duty imposed under PD 1464 and the additional export duty under EO 920-A.

PROTESTERS MARCH ON MALACANANG, U.S. EMBASSY

NC301153 Paris AFP in English 1119 GMT 30 Nov 85

[Text] Manila, Nov 30 (AFP) -- Thousands of workers demanding higher wages marched toward the palace of President Ferdinand Marcos today, but were blocked by police near the palace. One of the estimated 10,000 marchers was taken to a hospital suffering from electric shock, after he tried to tie a protest streamer to a lamp post.

The workers, demanding a 35 percent hike to a mandated 37 peso (1.97 dollar) minimum daily wage, were stopped by 300 riot police at a busy road 300 meters (330 yards) away from Mr. Marcos' Malacanang Palace in Central Manila. The workers, belonging to a group called Workers' Coalition Against Poverty and Hunger [Panbansang Koalisyon ng Mangagawa Laban sa Kahirapan--PKMK] decided to continue their rally there, and occupied the street.

Riot policy also cordoned off a seafront block housing the U.S. Embassy compound from about 50 demonstrators who bore papier mache effigies of Mr. Marcos and U.S. President Ronald Reagan in protest of "U.S. intervention" in the country. The Manila deputy police chief, Colonel Vicente Vinarao, told reporters the entire 3,000-man Manila police force was on full alert since early today when the workers gathered at the Central Andres Bonifacio Park.

The protest march was held in commemoration of the 122nd anniversary of the birth of Andres Bonifacio, founder of a labor-backed independence movement that led a revolution against the Spanish colonial government at the end of the 19th century. PKMK Chairman Rolando Olalia told the crowd that the 10 million workers in the country were the lowest paid in the world, and that the Filipinos' per capita annual income of 650 dollars also was among the lowest. He said they were also demanding the "restoration of workers' full democratic rights" and their rights to form unions, which he said were "restricted" by Mr. Marcos when he launched more than eight years of martial law in 1972. The workers marched under red streamers and placards. They also chanted and scrawled anti-government slogans on whitewashed walls along the way.

GOVERNMENT ALCOHOL FUEL PROGRAM DROPPED

HK041205 Manila Far East Broadcasting Company in Tagalog 1000 GMT 4 Dec 85

[Text] The government has decided to suspend its alco-gas program because of lack of funds for the project and also because crude oil prices have gone down. The Board of Investments says the cabinet has approved the withdrawal of the alco-gas program as it is no longer feasible. The program was tried out in Negros Province where half of the vehicles on the road have been using alco-gas, which is a mixture of alcohol from fermented coconut juice and gasoline. The mixture contains from 5 to 25 percent alcohol.

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